

JOINT BUDGET COMMITTEE



STAFF FIGURE SETTING FY 2019-20

DEPARTMENT OF LABOR AND EMPLOYMENT

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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HOW TO USE THIS DOCUMENT

The Department Overview contains a table summarizing the staff recommended incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed either in the Decision Items Affecting Multiple Divisions or at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

DEPARTMENT OVERVIEW

The Department of Labor and Employment (Department) is responsible for providing services to employers and job seekers, and enforcing laws concerning labor standards, unemployment insurance, workers' compensation, public safety, and consumer protection.

The Department is comprised of the following major organizational units:

- Executive Director's Office
 - Provides administrative and technical support for Department's divisions and programs including accounting, budgeting, and human resource functions.
- Division of Unemployment Insurance
 - Collects unemployment insurance premiums and surcharges from employers; administers the payment of unemployment insurance benefits to claimants; and conducts audits and investigations to ensure proper payment of premiums and benefits.
- Division of Employment and Training
 - The Division of Employment and Training administers the following programs:
 - *Workforce Development Centers* assist job seekers with job training and placement. Workforce Centers provide a variety of free services to assist job seekers and employers including: job listings; computer and internet access; career counseling and training; recruitment, pre-screening, and referral services; tax credits for employers; and training reimbursement for employers.
 - The *Workforce Development Council* provides workforce policy recommendations; designates local workforce investment areas; coordinates the delivery of workforce development programs; and reviews the allocation of federal Title 1 funds for adult employment and training activities and for youth activities.
- Division of Labor Standards and Statistics
 - Administers employment and labor laws pertaining to wages paid, hours worked, minimum wage, labor standards, child labor, employment-related immigration laws, and working conditions. It also conducts all union agreement elections, certifications of all-union provisions, and investigates and mediates allegations of unfair labor practices.
 - The *Labor Market Information* sub-division provides annual and monthly information on general labor market trends including: unemployment rates, industry trends, and employee compensation by region and industry.

- Division of Oil and Public Safety
 - Establishes and enforces rules, regulations, and statutes that govern amusement rides and devices; explosives; boilers; conveyances; fuel products; underground and aboveground petroleum storage tanks; cleanup of petroleum spills; and reimbursement of cleanup costs to qualifying storage tank owners/operators.
 - Supports the Underground Damage Prevention Safety Commission, which has rule making and enforcement authority related to preventing excavation damage.
- Division of Workers' Compensation
 - Oversees workers' compensation injury claims and compliance, mediates disputes, and administers the Medical Disasters (injuries prior to 1971), Major Medical (injuries from 1971-1981), and Subsequent Injury (more than one industrial injury or injury at more than one employer) Insurance Programs.
- Division of Vocational Rehabilitation
 - Oversees vocational rehabilitation programs designed to enable individuals with any type of disability to participate in the workforce. These programs include Vocational Rehabilitation Services, School-to-Work Alliance Program, Vocational Rehabilitation Mental Health Services, Independent Living Services, Business Enterprises Program for Individuals who are Blind, and the Business Enterprises Program.
 - Supports non-profit independent living centers that assist individuals with disabilities living in the community.

SUMMARY OF STAFF RECOMMENDATIONS

DEPARTMENT OF LABOR AND EMPLOYMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$256,457,687	\$18,391,202	\$79,834,345	\$6,521,018	\$151,711,122	1,279.3
Other legislation	3,091,397	1,083,972	1,007,425	1,000,000	0	1.3
TOTAL	\$259,549,084	\$19,475,174	\$80,841,770	\$7,521,018	\$151,711,122	1,280.6
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$259,549,084	\$19,475,174	\$80,841,770	\$7,521,018	\$151,711,122	1,280.6
R1 Unemployment Insurance migrated system operations	3,801,509	0	3,801,509	0	0	0.0
R2 Division of Workers Compensation Modernization Project	76,817	0	76,817	0	0	0.0
R3 Division of Labor Standards and Statistics claims system	34,802	0	34,802	0	0	0.0
R4 Division of Oil and Public Safety - Petroleum Program	50,000	0	50,000	0	0	0.0
R5 Replacement of the legacy field audit system	450,000	0	450,000	0	0	0.0
R6 Independent Living Services provider rate increase	67,335	67,335	0	0	0	0.0
NP7 Employment First initiatives and state programs for IDD	2,865,644	610,382	0	0	2,255,262	3.7
NP1-NP6 Non-prioritized requests (OIT and DPA initiatives)	714,970	89,030	295,940	0	330,000	0.0
Centrally appropriated line items	8,820,413	1,463,386	4,057,034	25,597	3,274,396	0.0
Depreciation-lease equivalent payments	0	0	0	0	0	0.0
Informational funds adjustment	(4,017,926)	0	3,707	0	(4,021,633)	0.0

DEPARTMENT OF LABOR AND EMPLOYMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize prior year legislation	(1,120,776)	2,366,784	(5,913,120)	2,301,400	124,160	0.7
Annualize prior year budget actions	(36,471)	(62)	(30,899)	(5,282)	(228)	0.0
TOTAL	\$271,255,401	\$24,072,029	\$83,667,560	\$9,842,733	\$153,673,079	1,285.0
INCREASE/(DECREASE)	\$11,706,317	\$4,596,855	\$2,825,790	\$2,321,715	\$1,961,957	4.4
Percentage Change	4.5%	23.6%	3.5%	30.9%	1.3%	0.3%
FY 2019-20 EXECUTIVE REQUEST	\$276,705,061	\$24,271,023	\$84,128,248	\$9,849,135	\$158,456,655	1,285.3
Request Above/(Below) Recommendation	\$5,449,660	\$198,994	\$460,688	\$6,402	\$4,783,576	0.3

*For items pending Committee common policy decisions, the amount shown is the request.

DESCRIPTION OF INCREMENTAL CHANGES

R1 UNEMPLOYMENT INSURANCE MIGRATED SYSTEM OPERATIONS: Staff recommends an increase of \$3.8 million cash funds from the Employment and Training Technology Fund to support the production operations of the new UI claimants benefits processing system (CUBS) and UI employer premiums system (CATS). The General Assembly appropriated \$57,876,960 in the IT capital budget to construct the new system between FY 2016-17 and FY 2018-19. The FY 2019-20 request funds annual licenses for software products and 9.0 FTE in the Governor's Office of Information Technology (OIT) beginning in January 2020. The request includes \$3,200,000 in the Unemployment Insurance Program Costs line item and \$601,509 in the Payments to OIT line item for the additional OIT staffing costs. The annualized impact of this request is \$4,403,018 in FY 2020-21, including anticipated common policy adjustments in the Payments to OIT line item.

R2 DIVISION OF WORKERS COMPENSATION MODERNIZATION PROJECT: The recommendation includes an increase of \$76,817 cash funds from the Worker's Compensation Cash Fund to support ongoing operating costs for the Worker's Compensation Claims Management System. The General Assembly appropriated \$5,932,500 in FY 2014-15 in the information technology capital budget to construct the new system and provided an extension to complete the project through FY 2017-18. The Division of Workers' Compensation regulates benefits provided to injured workers. The modernized platform has capacity to provide on-demand electronic information for any reported worker's compensation claim. Stakeholders who request this information include insurance adjusters, employers, attorneys, claimants, and state staff. This item funds annual software licenses and subscription costs required for the new system. This funding is to continue at this level in future years.

R3 DIVISION OF LABOR STANDARDS AND STATISTICS CLAIMS SYSTEM: The recommendation includes an increase of \$30,180 cash funds from the Employment Support Fund for software licenses and subscription costs for the new Labor Standards Claims System. The Labor Standards section is responsible for assisting Colorado employees in recovering earned compensation from employers who violate labor laws. The staff of 28 is responsible for investigating approximately 3,500 complaints and responding to 2,000 emails and 40,000 calls per year. In FY 2017-18, the Division internally funded (through vacancy savings) a \$206,000 project to migrate its five older software systems to a centralized database. The database uses the Salesforce platform and integrates with other software tools. The software allows investigators to review and create needed documents and enables employees and employers to submit documentation on line, check the status of claims, and correspond with the Division by text message. The funding would continue at this level in future years.

R4 DIVISION OF OIL AND PUBLIC SAFETY - PETROLEUM PROGRAM: The recommendation includes \$50,000 cash funds from the Petroleum Storage Tank Fund to replace equipment and supplies for testing fuels. The agency tests the quality of petroleum pumped at gas stations to ensure fuels comply with legal requirements and are accurately labeled. Through a joint agreement with the Department of Public Health and Environment, the Division also conducts vapor monitoring to ensure that petroleum delivery carriers are capturing vapors when delivering fuel. An average of 2,980 inspections are conducted each year. Some of these are in response to consumer complaints (averaging 175 per year). Over the past eight years, the number of gas stations and associated testing required has increased by 8.0 percent. The Department's fuel testing equipment is aging and must be replaced, and supply costs have increased. The request is for an ongoing \$50,000 increase for this program. In the first two years, the Department will replace the Sulphur analyzer and vapor pressure analyzer (each estimated at \$26,400) and will address higher costs for waste disposal, helium, heptane, and other supplies (estimated at \$23,600 per year).

R5 REPLACEMENT OF THE LEGACY UI FIELD AUDIT SYSTEM: The recommendation includes \$450,000 cash funds from the Employment Support Fund to replace the information technology system that supports its Unemployment Insurance field audit staff. This staff is responsible for auditing businesses to ensure that they are correctly calculating their unemployment insurance contributions. The federal government requires the State to audit at least 1.0 percent of contributing employers representing at least 1.0 percent of total wages annually. It also requires that these audits result in changes in total wages on which UI taxes are assessed of at least 2.0 percent, that audits result in an average of at least 1 worker reclassified per audit, and that the sum of the audit effectiveness measures (percent of employers audited, percent of wages audit, percent change to wages, and average number of workers reclassified per audit) be at least 7.0. The Department must therefore track these measures for the approximately 2,500 field audits completed annually by its 32-member audit staff. It seeks a workflow application that supports staff in performing and completing audits and produces an audit record to federal specifications. The system must be able to download employer and worker wage information from the Department's employer premiums and benefits systems, ensure that additional premiums that result from the audit process are added back into the premiums system, and store audit results in a database. The Department currently uses a legacy system that uses a combination of Access databases and Excel spreadsheets. It has had difficulty maintaining the system as newer versions of Excel are released. Based on responses to Request for Information, it believes there is at least one nationally successful vendor-built system that it could purchase that would require limited customization to align with Colorado's UI premiums and benefits systems. The recommendation would annualize to \$40,000 cash funds from the Employment Support Fund in FY 2020-21 and subsequent years for licensing and subscription costs.

R6 INDEPENDENT LIVING SERVICES PROVIDER RATE INCREASE: The recommendation includes a common-policy 1.0 percent provider rate increase for independent living centers in the Division of Vocational Rehabilitation.

NP7 EMPLOYMENT FIRST INITIATIVES AND STATE PROGRAMS FOR IDD: The recommendation includes \$2,865,644, including \$610,382 General Fund and \$2,255,262 federal funds and 3.7 FTE (annualizing to 4.0 FTE) for the Department's share of request submitted through the Department of Health Care Policy and Financing (HCPF) on Employment First initiatives. (The Department requested \$3,755,869 total funds, including \$800,000 General Fund, \$2,955,869 federal funds, and 4.0 FTE.) Of the total, \$2,396,160 total funds, including \$510,382 General Fund, is for a new Employment

First Initiatives line item in the Division of Vocational Rehabilitation. This amount would be supported through a refinance in HCPF for a three-year period. The recommendation also includes \$469,484 total funds, including \$100,000 General Fund, in the Vocational Rehabilitation Services line item. This funding would be ongoing and unrelated to the refinance in HCPF. Employment First is a nationally recognized model for achieving increased, successful employment outcomes for people with disabilities. Funding for Employment First initiatives would support four new vocational rehabilitation positions, vocational rehabilitation customized employment pilots, and a contract with a University Center of Excellence in Developmental Disabilities, which would assist with Employment First implementation statewide, including conducting statewide training and outreach. Funding for the Employment First initiatives would continue through FY 2021-22.

NON-PRIORITIZED REQUESTS (OIT AND DPA INITIATIVES): The recommendation includes the Department's share of requests in the Department of Personnel. It also includes the Department's share of requests in the Governor's Office of Information Technology. The OIT items are pending common policy decisions.

NON-PRIORITIZED REQUESTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OIT Securing IT operations*	\$506,371	\$0	\$206,371	\$0	\$300,000	0.0
OIT Essential database support*	86,439	0	56,439	0	30,000	0.0
OIT Application refresh and consolidation*	74,791	74,791	0	0	0	0.0
DPA IDS Increased Input Costs	33,130	0	33,130	0	0	0.0
OIT Optimize self-service capabilities*	14,239	14,239	0	0	0	0.0
TOTAL	\$714,970	89,030	\$295,940	\$0	\$330,000	0.0

*Reflects the request. Common policy decision is pending.

CENTRALLY APPROPRIATED LINE ITEMS: The recommendation includes adjustments to centrally appropriated line items, as shown below. Items with asterisks reflect the request, as the common policy decision is pending.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Payments to OIT adjustment*	\$3,064,503	\$976,408	\$1,934,447	\$0	\$153,648	0.0
Salary survey adjustment	2,577,526	149,289	991,325	20,209	1,416,703	0.0
PERA Direct Distribution	2,186,326	126,840	842,254	13,568	1,203,664	0.0
ALJ adjustment	567,712	1,059	562,742	0	3,911	0.0
Health Life Dental Adjustment	335,533	22,170	123,981	682	188,700	0.0
Health, life, and dental adjustment	279,682	115,978	(142,885)	3,567	303,022	0.0
Leased space adjustment	181,715	12,244	73,254	0	96,217	0.0
Paid Parental Leave*	132,608	13,747	55,192	0	63,669	0.0
Legal services adjustment*	96,817	0	96,817	0	0	0.0
Vehicle lease payments adjustment*	3,395	1,000	2,395	0	0	0.0
Merit pay adjustment	0	0	0	0	0	0.0
Workers' compensation adjustment	(271,825)	0	(75,474)	0	(196,351)	0.0
AED adjustment	(127,678)	21,940	(188,867)	(6,109)	45,358	0.0
SAED adjustment	(127,678)	21,940	(188,867)	(6,109)	45,358	0.0
CORE adjustment	(59,184)	0	(19,003)	0	(40,181)	0.0
Payment to risk management / property funds adjustment	(11,724)	0	(2,931)	0	(8,793)	0.0
Short-term disability adjustment	(3,889)	771	(6,221)	(211)	1,772	0.0

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Statewide Indirect Cost Common Policy adjustment	(3,125)	0	(1,125)	0	(2,000)	0.0
Shift differential adjustment	(162)	0	0	0	(162)	0.0
Capitol Complex leased space adjustment	(139)	0	0	0	(139)	0.0
TOTAL	\$8,820,413	1,463,386	\$4,057,034	\$25,597	\$3,274,396	0.0

*Reflects the request. Common policy decision is pending.

DEPRECIATION-LEASE EQUIVALENT PAYMENTS: Pursuant to Section 24-30-1310 (2)(a), C.R.S., the request included a new \$386,562 depreciation-lease equivalent line. The recommendation does not include this amount because the request was for depreciation on an information technology project. Information technology projects are not covered by Section 24-30-1310 (2)(a), C.R.S.

INFORMATIONAL FUNDS ADJUSTMENT: The recommendation includes adjustments to federal and cash funds amounts shown for informational purposes.

ANNUALIZE PRIOR YEAR LEGISLATION: The recommendation includes the following adjustments for the second-year impact of prior year legislation.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Annualize SB 18-200 (PERA)	\$225,524	\$13,084	\$86,880	\$1,400	\$124,160	0.0
Annualize SB 18-167 Locate Underground Facilities	55,831	55,831	0	0	0	1.2
SB 18-167 Underground facilities change line item location	0		0	0	0	0.0
Annualize HB 18-1343 Veterans' Service-to-Career Program	(1,000,000)	0	(1,000,000)	0	0	(0.5)
Annualize HB 18-1316 Extend CDLE WORK grant program	(400,000)	2,300,000	(5,000,000)	2,300,000	0	0.0
Annualize SB 18-145 Implement Employment First Recommend	(2,131)	(2,131)	0	0	0	0.0
TOTAL	(\$1,120,776)	2,366,784	(\$5,913,120)	\$2,301,400	\$124,160	0.7

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request annualizes prior-year salary survey appropriations.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Department EDO funding split adjustment	\$0	\$0	\$1	\$0	(\$1)	0.0
Annualize FY 2018-19 R1 Facilitating Reemployment	(30,900)	0	(30,900)	0	0	0.0
Annualize prior year salary survey	(5,571)	(62)	0	(5,282)	(227)	0.0
TOTAL	(\$36,471)	(62)	(\$30,899)	(\$5,282)	(\$228)	0.0

MAJOR DIFFERENCES FROM THE REQUEST

Differences between the recommendation and the request include the following:

- The recommendation includes a proposed bill to clarify appropriate management of the Employment Support Fund. Related changes, if adopted, will have a positive impact on revenue to the General Fund and the Unemployment Insurance Trust Fund.
- The recommendation for Request NP7 is \$890,255 total funds, including \$189,618 General Fund, lower than the request.
- The recommendation reduces informational funds by over \$4.0 million. These adjustments were not requested.
- The recommendation incorporates differences based on Committee common policies and corrections to minor errors in the request.

DECISION ITEMS AFFECTING MULTIPLE DIVISIONS

➔ STAFF-INITIATED RECOMMENDATION - BILL TO CLARIFY APPROPRIATE MANAGEMENT OF EMPLOYMENT SUPPORT FUND

BACKGROUND: The Employment Support Fund (ESF) is derived from a portion of state unemployment insurance premiums paid by employers. The first 0.0011 assessed as part of each employer's UI premium is applied to this Fund *up to a cap*, described below. While this assessment sounds modest, revenue into the Fund was \$34.4 million in FY 2017-18. Annual expenditures (\$28.0 million in FY 2017-18) support the Department's Unemployment Insurance, Employment and Training, and Labor Standards Divisions. Revenue into this fund and a related Employment Training and Technology Fund (which receives \$10.0 million per year) together represented 7.0 percent of state revenue from unemployment insurance premiums in FY 2017-18. The remainder of unemployment insurance premium revenue is deposited in the Unemployment Insurance Trust Fund and is used to pay benefits to workers who lose their jobs through no fault of their own.

REQUEST: The Department has not requested action on this item.

RECOMMENDATION: During discussions with the Department, it came to staff's attention that the Department was not managing the Fund in a manner that appeared to be consistent with the plain language of statute. Based on further consultation with the Office of Legislative Legal Services and the Department, **staff recommends that the Committee sponsor legislation to clarify the existing statutory language and to adjust the FY 2018-19 cap to correct an error in the Fund's management in FY 2017-18. This change would increase revenue into the Unemployment Insurance Trust Fund and reduce the State's General Fund TABOR refund.**

The current statutory language at 8-77-109(1)(b)(I) reads as follows:

There is hereby established the employment support fund. This fund consists of the first 0.0011 assessed as part of each employer's premium under section 8-76-102.5 (3)(a) or the amount expended from the employment support fund in the year prior to July 1, 2011, adjusted by the same percentage change prescribed in section 8-70-103 (6.5), whichever is less. The division must transfer to the unemployment compensation fund amounts in excess of the amount expended from the employment support fund in the year prior to July 1, 2011, adjusted each year by

the same percentage change prescribed in section 8-70-103 (6.5). In addition, revenues to pay nonprincipal-related bond costs for bonds issued under section 29-4-710.7, C.R.S., or section 8-71-103 (2)(d) may be added to amounts assessed under this section. The division may transfer any moneys in the employment support fund to the unemployment bond repayment account created in section 8-77-103.5 to pay nonprincipal-related bond costs for bonds issued under section 29-4-710.7, C.R.S., or section 8-71-103 (2)(d). The employment support fund is not included in or administered by the enterprise established pursuant to section 8-71-103 (2).

In sum:

- **Revenue** into the ESF is capped.
- Any amounts above the cap must be transferred to the Unemployment Insurance Trust Fund.
- The amount of the cap consists of FY 2010-11 expenditures *from* the ESF, inflated each year by the increase in average weekly wages.
- Revenue to pay nonprincipal-related bond costs is excluded from the cap.

Legislative staff versus Department interpretations:

- JBC and OLLS staff believe the most straightforward interpretation is that this caps **annual revenue** into the Fund.¹
- The Department of Labor and Employment has instead been reading this as a cap on annual **spending** from the Employment Support Fund and have been managing the fund accordingly.
- JBC staff requested several weeks ago that the Department consult with the Attorney General and explain the rationale for its current interpretation and/or describe how its management will change.
- While Department staff have verbally agreed that the language in the statute seems to refer to a revenue cap rather than an expenditure cap, the Department has not provided JBC staff with any formal written analysis from its staff or the Attorney General. JBC Staff suspects that the Department simply failed to read the statute carefully and made a technical error, but this is not confirmed.
- **Because the Department has treated the cap as a spending cap, instead of a revenue cap, it has received and kept funds in the ESF that should have spilled over into the UITF. This has TABOR implications.**

TABOR implications:

- Revenue into the ESF is considered part of the State's overall revenue subject to the Taxpayers Bill of Rights (TABOR). In contrast, revenue into the Unemployment Insurance Trust Fund (UITF) is considered *exempt* from TABOR, because the General Assembly has deemed the UITF an enterprise under TABOR.

¹ The language plainly addresses revenue, though OLLS notes that there are some options on how the revenue cap is applied, i.e., does it cap annual revenue or have some relationship to fund balances?

- In other words, if unemployment insurance premium revenue goes into the ESF, it is counted as state revenue subject to TABOR limits. If the same UI premium revenue goes into the UITF it is not counted as state revenue subject to TABOR limits.
- In the current environment where the State has reached its TABOR cap, *every extra dollar that goes into the ESF instead of the UITF effectively increases the General Fund refund due to taxpayers under TABOR.*

The table below compares revenue into the ESF an estimate of the annual cap that should have been applied. *Staff continues to work with the Department on these figures, which may be refined further.* Staff believes that--at a minimum--\$2.2 million was applied to the ESF that should have been applied to the UITF in FY 2017-18 and that this figure will grow to an estimated \$3.6 million in FY 2018-19. **The Department's calculations indicate that this figure may be higher (\$2,706,623 for FY 2017-18).**

EMPLOYMENT SUPPORT FUND: IMPACT OF APPLYING REVENUE CAP

	REVENUE	EXPENDITURE	CAP BASED ON 2011 EXPENDITURE + WAGE RATE INCREASE	ADD ESTIMATED BOND REVENUE	REVISED CAP WITH BOND REVENUE	ESTIMATED CAP VERSUS REVENUE
FY 2010-11	18,646,546	26,906,069				
FY 2011-12	19,307,097	24,373,160	27,607,966		27,607,966	8,300,869
FY 2012-13	25,723,693	24,756,627	28,474,857	954,693	29,429,550	3,705,857
FY 2013-14	27,098,622	24,465,442	28,677,028	954,693	29,631,721	2,533,099
FY 2014-15	31,186,641	26,133,033	29,738,078	954,693	30,692,771	(493,870)
FY 2015-16	30,770,737	24,996,044	30,567,770	954,693	31,522,463	751,726
FY 2016-17	32,599,820	25,776,299	30,839,824	954,693	31,794,517	(805,303)
FY 2017-18	34,383,319	27,962,337	32,135,096		32,135,096	(2,248,223)
FY 2018-19*	36,521,087	28,653,754	32,938,474		32,938,474	(3,582,614)

*Revenue and expenditures reflect JBC staff projections.

Staff recommends that the Committee sponsor legislation to:

- Clean up the statutory language, so that any question about whether this is an annual revenue cap is alleviated.
- Make a one-time adjustment to lower the ESF cap by the amount that should have been transferred to the UITF in FY 2017-18. This appears to be the cleanest way to correct the FY 2017-18 error, now that FY 2017-18 books are closed.
- **Staff anticipates that this will have a positive General Fund revenue impact of approximately \$5.8 million in FY 2018-19 and likely an additional \$4 million or more in FY 2019-20 and future years. It will also have a positive impact on the Unemployment Insurance Trust Fund.** The one-time adjustment to correct the FY 2017-18 error could be applied in FY 2018-19 or FY 2019-20 at the Committee's discretion.

➔ R1 UNEMPLOYMENT INSURANCE MIGRATED SYSTEM OPERATIONS

REQUEST: Department Request R1 is for \$3,801,509 cash funds from the Employment and Training Technology Fund (annualizing to \$4.4 million) for ongoing annual operating support for the Department's new UI information technology systems. The State is in the process of migrating its UI

systems from older mainframe technology at a cost of \$57.8 million. The project is currently scheduled to be completed in February 2020.

For the last two decades, the Department has sought to modernize its UI computer systems. The current effort, the \$57.8 million UI Migration and Modernization capital project, is expected to be completed in the spring of 2020.

Because the new systems are expected to roll out in FY 2019-20, the Department has submitted its request for ongoing operating costs associated with implementing the project. **The Department requests \$3,801,509 cash funds spending authority (ongoing) from the Employment and Training Technology Fund to support production operations of the CUBS and CATS (employer premiums and employee benefits) systems.** Of the total, \$601,509 would be transferred to the Governor's Office of Information Technology for 9.0 FTE starting in January 2019 (reflected as 4.5 FTE the first year).

The request includes:

- \$3,200,000 in the Unemployment Insurance Program Costs line item in the Division of Unemployment Insurance; and
- \$601,509 in the Payments to OIT line item in the Executive Director's Office for the new OIT Staff.

The Department reports that the request is needed to:

- Continue to process UI claims
- Mitigate the risk of computer system obsolescence
- Ensure ongoing maintenance and operational costs will be manageable, as the initiative avoids expected operating cost increases from older systems
- Ensure systems are customizable and sustainable going forward through the Office of Information Technology.

RECOMMENDATION: Staff recommends the request, with the sole adjustment that staff recommends \$601,509 cash funds in the Payments to OIT line item (as requested) and \$3,200,000 cash funds in the Employment and Training Technology Initiatives line item in the Division of Unemployment Insurance (instead of in the Program Costs line item in this Division). Staff anticipates that once the new system has rolled out, the Employment and Training Technology Initiatives line item may be consolidated with the Program Costs line item. However, during this transitional period, staff recommends keeping costs associated with the new system that are paid with the Employment and Training Technology Fund separate from the Program Costs line item.

Staff notes that the actual payments to OIT for new staff, as well as payments for licensing costs, reflect estimates. Actual costs may differ from the appropriation, depending upon when staff come on board and the final technology costs. However, staff anticipates that the Department will revert cash funds if these are not required and that amounts may be adjusted in future years as appropriate.

Note also that the costs for OIT are anticipated to double in the second year, so that **the annualized cost of this initiative is estimated to be \$4,403,021 cash funds.** However, the portion of the

request that relates to OIT staff will be built into the normal OIT billing process, rather than reflected as an add-on to the base appropriation in FY 2020-21.

BACKGROUND

For the last two decades, the Department has sought to modernize its UI computer systems. The legacy mainframe UI benefits and tax system was brought on line in 1985. Two modernization efforts have failed to-date. The state is attempting to complete its third effort to modernize.

Previous Projects

1999-2005 Genesis - failed. This was a failed effort to redesign all aspects of the State UI computer systems. The project began in 1999 and was abandoned in 2005. The Department spent \$27.9 million on Genesis. The failure of the project was a significant driver behind additional authority granted to OIT in 2006 to oversee major automation projects at state agencies.

2009-2013 Internet self-service (ISS) project – successful. In 2009, the General Assembly approved \$6,594,190 million in capital and operating appropriations to expand online services for UI claimants and employers. Claimant tools were successfully launched in 2009. Employer tools were successfully launched in 2012, with the project fully complete in 2013. These tools addressed front-end interface issues for the Department but did not address the antiquated back-end on the system.

2009-2016 WyCAN project – failed. The WyCAN (Wyoming, Colorado, Arizona, and North Dakota) consortium formed in 2009 in response to a federal grant for a feasibility study to develop a common UI benefits and tax study. Colorado took the lead on the project in 2013. WyCAN had an initial budget of \$62.2 million in federal funds. The consortium spent \$15.4 million federal funds and reverted the balance to the federal Department of Labor. A total of \$4,924,742 state cash funds was expended before the project was cancelled in March 2016. After a year of vendor work on the project, all the states involved had determined that the project could not achieve its goals.

Current Project

FY 2016-17 - FY 2019-20. UI Mainframe Migration and Modernization – in progress. In FY 2016-17, the Department approached the General Assembly for a new effort to modernize the core UI computer systems. Beginning in FY 2016-17, the General Assembly agreed to proceed with a \$51,476,960 project, funded entirely with cash funds from the UI Revenue Fund and UI Training and Technology Fund. The total was split between FY 2016-17 (\$25.3 million) and FY 2017-18 (\$26.2 million). The project is to convert the mainframe COBOL code to Java and move the data stored to a relational database and off the current mainframe system for both the Colorado Unemployment Benefits System (CUBS) and the Colorado Automated Tax System (CATS).

In the spring of 2018, the Department submitted a capital request to increase funding for the UI Mainframe Migration and Modernization by \$9,750,000 cash funds from the Employment Support Fund to complete the final two phases of the UI Modernization project. Although the Joint Technology Committee recommended the project, the JBC included only \$6,300,000 additional cash funds in the Long Bill. This excluded a requested \$3,450,000 for an employer self-service portal. Given that the Department has had two failed attempts to replace UI systems, staff recommended that the project focus on the core migration and modernization work, rather than adding another component to the project.

Project History:

- The project as approved in FY 2016-17 was to migrate both the CATS and CUBS systems off the mainframe, into JAVA language, and onto servers in eFort. This was supposed to be the full extent of the project. However, in spring 2018, the Department submitted an FY 2018-19 budget amendment for the project, which reflected:
- Retaining the CATS employer premiums system in JAVA, using an Oracle database on state servers; but
- Further migrating the CUBS employee benefits system into a known, functioning benefits system written in .NET. This application will be built and managed by Amazon Web Services and hosted by Amazon in the cloud.
- Phase I of the project, migration of CATS and CUBS off the mainframe, into JAVA, and relocation onto servers, was completed on March 5, 2018 (approximately 6 months behind schedule). This transition has reportedly been successful.
- Phase II of the project, including the further migration of the CUBS system to the cloud and a document management system, is now scheduled to be completed by February 21, 2020.
- Appropriations for this project to-date are \$57,776,960 cash funds.

Status:

- As of the end of November 2018, OIT documents described the total project as 50 percent complete.
- The OIT project status update dated 11/23/18 indicates that the status of the project is “green” with respect to overall progress, scope, schedule, and budget.
- **Despite a staff request, the Department has not provided a further update on the current status of this project.**

ANALYSIS OF REQUEST R1

The UI Migrated Systems Operations capital project, when approved in FY 2016-17, was anticipated to drive ongoing costs that would be offset by related IT savings. However, the current request reflects a new analysis indicating that the project will drive significant net costs.

The table below compares the information included in the FY 2016-17 original request for this project with the Department’s current operating request annualized to FY 2020-21. Staff has included in the table additional information provided by the Department about the estimated net savings between FY 2016-17 and FY 2020-21 from migrating off the mainframe.

COMPARISON ESTIMATES IN FY 2016-17 OIT CAPITAL REQUEST (REPEATED IN FY 2018-19 BUDGET AMENDMENT) AND FY 2020-21 ANTICIPATED OPERATING BUDGET		
	FUTURE OPERATING COST ESTIMATE INCLUDED IN FY 2016-17 CAPITAL REQUEST	FY 2020-21 OPERATING REQUEST (ANTICIPATED)*
Misc. Software (Innowake, FileNet, Oracle, etc.)	\$496,125	\$800,000
Production Environment Infrastructure	1,194,300	1,200,000
Enterprise Service Bus	1,200,000	1,200,000

COMPARISON ESTIMATES IN FY 2016-17 OIT CAPITAL REQUEST (REPEATED IN FY 2018-19 BUDGET AMENDMENT) AND FY 2020-21 ANTICIPATED OPERATING BUDGET		
	FUTURE OPERATING COST ESTIMATE INCLUDED IN FY 2016-17 CAPITAL REQUEST	FY 2020-21 OPERATING REQUEST (ANTICIPATED)*
OIT Staff year 1 (9.0 FTE)	-	601,509
Department request for FY 2019-20		3,801,509
OIT Staff - Annualization Year 2*		601,512
Total - anticipated IT Costs	\$2,890,425	\$4,403,021
CDLE Estimated Efficiencies (staff costs, network, and mainframe costs)*	(2,900,000)	(2,981,763)
Total	(\$9,575)	\$1,421,258

*Incorporates assumptions about mainframe costs and OIT staff annualization.

CDLE COMPARISON OF OIT COSTS FOR UI SYSTEMS IN FY 2016-17 VERSUS FY 2020-21		
	FY 2016-17	FY 2020-21
Mainframe		
Mainframe Applications	\$1,423,890	
Mainframe database system (ADABAS)	580,000	
Infrastructure	2,562,000	
Storage	67,500	
Project Build Phase/Continuation		
OIT Hosted Services		217,250
JCUBS/JCATS staff		1,434,377
FY 20 Decision Item		
Software		800,000
Enterprise Service BUS		1,200,000
Amazon Web Services		1,200,000
New OIT Personnel		1,203,018
Total	\$4,633,390	\$6,054,645
Change FY 2016-17 to FY 2020-21		\$1,421,255

As can be seen above, when originally presented to the General Assembly, the ongoing operating costs associated with replacing the old mainframe system with new information technology could have been summarized as virtually \$0. **As shown, when prior-year costs related to the mainframe are phased-out, the new project still drives a net increase in costs of \$1,421,255. This additional cost is largely driven by the increase in 9.0 new staff for OIT at a cost of \$1.2 million, even**

though the project when originally planned was not expect to require any additional OIT staff. As highlighted in the BerryDunn *HB 17-1361 Evaluation of State IT Resources*² audit:

- OIT has done a poor job of tracking savings associated with IT consolidation, and cannot quantify cost savings on IT projects;
- OIT average annual budget increases since FY 2012-13 (13.0 percent) have significantly exceeded statewide average annual budget increases (6.8 percent). State departments express substantial frustration with insufficient communication from OIT about costs and ways to mitigate them.

As late as spring 2018, ongoing operating costs associated with the new UI information technology systems were badly underestimated. JBC staff is unhappy about this. However, **given the importance of this project to both businesses participating in the UI system and employees benefitting from the system, staff sees little alternative but to recommend the requested spending authority.** While reports in November 2018 indicated that the UI capital project is on schedule, if completion is delayed, staff anticipates that the Department may not use all of the allotted spending authority in FY 2019-20.

²http://leg.colorado.gov/sites/default/files/documents/audits/1745p-it_hb17-1361_evaluation_report_evaluation_of_state_it_resources.pdf

(1) EXECUTIVE DIRECTOR'S OFFICE

The Executive Director's Office provides common services to all divisions including employee Health, life, and dental insurance, workers' compensation insurance, and employee shift differential. Support services are also located in the Executive Director's Office.

EXECUTIVE DIRECTOR'S OFFICE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 Appropriation						
H.B. 18-1322 (Long Bill)	\$55,982,371	\$4,691,406	\$22,995,073	\$612,065	\$27,683,827	110.2
Other legislation	22,343	14,918	7,425	0	0	0.0
TOTAL	\$56,004,714	\$4,706,324	\$23,002,498	\$612,065	\$27,683,827	110.2
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$56,004,714	\$4,706,324	\$23,002,498	\$612,065	\$27,683,827	110.2
R1 Unemployment Insurance migrated system operations	601,509	0	601,509	0	0	0.0
Non-prioritized requests (OIT and DPA initiatives)*	692,773	89,030	273,743	0	330,000	0.0
Centrally appropriated line items*	8,252,701	1,462,327	3,494,292	25,597	3,270,485	0.0
Depreciation-lease equivalent payments	0	0	0	0	0	0.0
Annualize prior year legislation	34,169	19,743	14,426	0	0	0.5
Annualize prior year budget actions	(2,389,114)	(124,757)	(956,732)	(15,417)	(1,292,208)	0.0
TOTAL	\$63,196,752	\$6,152,667	\$26,429,736	\$622,245	\$29,992,104	110.7
INCREASE/(DECREASE)	\$7,192,038	\$1,446,343	\$3,427,238	\$10,180	\$2,308,277	0.5
Percentage Change	12.8%	30.7%	14.9%	1.7%	8.3%	0.5%
FY 2019-20 EXECUTIVE REQUEST	\$63,687,517	\$6,162,043	\$26,848,671	\$623,363	\$30,053,440	110.7
Request Above/(Below) Recommendation	\$490,765	\$9,376	\$418,935	\$1,118	\$61,336	(0.0)

*Some amounts shown reflect the request, pending Committee common policy decisions.

DECISION ITEMS - EXECUTIVE DIRECTOR'S OFFICE

➔ DEPRECIATION LEASE EQUIVALENT PAYMENT

Pursuant to Section 24-30-1310, C.R.S., depreciation lease equivalent payments are amounts equal to the recorded depreciation of a capital asset that must be set aside in a reserve account (either a capital reserve account for a cash funded project or the Capital Construction Fund and Controlled Maintenance Trust Fund for a General Fund project).

REQUEST: The Department requested a cash fund appropriation of \$386,562 related to the depreciation of its Worker's Compensation information technology capital project that was funded in FY 2017-18. Depreciation was based on the project cost of \$5,798,430 cash funds from the Workers Compensation Cash Fund.

RECOMMENDATION: Staff does not recommend an appropriation for this line item. Pursuant to Section 24-30-1310 (2), C.R.S. the requirement to set aside funds for depreciation lease equivalent payments specifically *excludes* appropriations for information technology projects.

→ OTHER CENTRALLY APPROPRIATED COMMON POLICY AND NONPRIORTIZED ITEMS

This section includes a number of non-prioritized items that are for the Department's share of common policy items and requests addressed in presentations for other departments. **Staff requests permission to apply Committee decisions on non-prioritized and centrally-appropriated items in this division.**

The nonprioritized changes in this division include:

- \$86,439 total funds, including \$56,439 cash funds and \$30,000 federal funds, for Office of Information Technology (OIT) Essential Database Support
- \$506,371 total funds, including \$206,371 cash funds and \$300,000 federal funds for OIT Securing IT Operations;
- \$74,791 General Fund for OIT Application Refresh and Consolidation;
- \$14,239 General Fund for OIT Optimize Self-service Capabilities; and
- \$10,933 cash funds for the Department of Personnel's Integrated Document System Increased Input Costs.

The amount shown for DPA item reflects the Committee's common policy decision. Decisions on the OIT request are pending committee common policy decisions.

Common policy items are summarized below. Items for which a decision is pending are noted. **The largest increase is the common policy adjustment for Payments to OIT, which includes an increase of almost \$1.0 million General Fund and \$3.1 million total funds.** OIT common policy adjustments are based on prior year actual usage. The Department indicates that the large General Fund increase represents retroactive adjustments for OIT indirect costs, *i.e.*, OIT costs that are not tied to specific programs. The Department is unable to retroactively bill federal and cash funds for prior year indirect costs, because, under its indirect cost plan, it bills for indirect costs in the year of the expenditure.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Payments to OIT adjustment*	\$3,064,503	\$976,408	\$1,934,447	\$0	\$153,648	0.0
Salary survey adjustment	2,577,526	149,289	991,325	20,209	1,416,703	0.0
PERA Direct Distribution	2,186,326	126,840	842,254	13,568	1,203,664	0.0
ALJ adjustment	567,712	1,059	562,742	0	3,911	0.0
Health Life Dental Adjustment	335,533	22,170	123,981	682	188,700	0.0
Health, life, and dental adjustment	279,682	115,978	(142,885)	3,567	303,022	0.0
Leased space adjustment	181,715	12,244	73,254	0	96,217	0.0
Paid Parental Leave*	132,608	13,747	55,192	0	63,669	0.0
Legal services adjustment*	96,817	0	96,817	0	0	0.0
Vehicle lease payments adjustment*	3,395	1,000	2,395	0	0	0.0
Merit pay adjustment	0	0	0	0	0	0.0
Workers' compensation adjustment	(271,825)	0	(75,474)	0	(196,351)	0.0
AED adjustment	(127,678)	21,940	(188,867)	(6,109)	45,358	0.0
SAED adjustment	(127,678)	21,940	(188,867)	(6,109)	45,358	0.0
CORE adjustment	(59,184)	0	(19,003)	0	(40,181)	0.0
Payment to risk management / property funds adjustment	(11,724)	0	(2,931)	0	(8,793)	0.0

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Short-term disability adjustment	(3,889)	771	(6,221)	(211)	1,772	0.0
Statewide Indirect Cost Common Policy adjustment	(3,125)	0	(1,125)	0	(2,000)	0.0
Shift differential adjustment	(162)	0	0	0	(162)	0.0
Capitol Complex leased space adjustment	(139)	0	0	0	(139)	0.0
TOTAL	\$8,820,413	1,463,386	\$4,057,034	\$25,597	\$3,274,396	0.0

*Reflects the request. Common policy decision is pending.

LINE ITEM DETAIL — EXECUTIVE DIRECTOR'S OFFICE

PERSONAL SERVICES

This line item provides staff and services for needs that are common to all divisions within the Department of Labor and Employment. The Executive Director's Office administers facilities, equipment, and common program elements such as Human Resources, Financial Services, and Information Technology support staff, for example, needed by all divisions within the Department and, therefore, are budgeted within the "Personal Services" line item in the Executive Director's Office.

STATUTORY AUTHORITY: Pursuant to Section 24-75-112 (1) (b), C.R.S.

REQUEST: The Department requests an appropriation of \$9,657,228 total funds, including \$230,411 General Fund and 110.7 FTE. The request includes amounts to annualize S.B. 18-167 (Locate Underground Facilities), S.B. 18-200 (PERA), and prior year salary survey.

RECOMMENDATION: **The staff recommendation is reflected in the table below and is consistent with the request.** This includes annualizing salary survey amounts awarded in FY 2018-19. Salary survey and merit pay amounts are centrally appropriated in the first year are included in base line item funding in subsequent years.

EXECUTIVE DIRECTOR'S OFFICE, PERSONAL SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$9,356,918	\$196,470	\$4,634,407	\$166,480	\$4,359,561	110.2
TOTAL	\$9,356,918	\$196,470	\$4,634,407	\$166,480	\$4,359,561	110.2
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$9,356,918	\$196,470	\$4,634,407	\$166,480	\$4,359,561	110.2
Annualize prior year budget actions	261,939	9,936	155,160	4,613	92,230	0.0
Annualize prior year legislation	38,431	24,005	14,426	0	0	0.5
Fund source adjustment	0	0	(1)	0	1	0.0
TOTAL	\$9,657,288	\$230,411	\$4,803,992	\$171,093	\$4,451,792	110.7
INCREASE/(DECREASE)	\$300,370	\$33,941	\$169,585	\$4,613	\$92,231	0.5
Percentage Change	3.2%	17.3%	3.7%	2.8%	2.1%	0.5%

EXECUTIVE DIRECTOR'S OFFICE, PERSONAL SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 EXECUTIVE REQUEST	\$9,657,288	\$230,411	\$4,803,992	\$171,093	\$4,451,792	110.7
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	(0.0)

HEALTH, LIFE, DENTAL

This line item is used to pay for the state's share of health insurance, life insurance, and dental insurance for employees who enroll in the state's health plan, in accordance with the JBC-approved common policy.

STATUTORY AUTHORITY: Pursuant to Section 24-50-611, C.R.S., and defined in Section 24-50-603 (9), C.R.S.

REQUEST: The Department requests an appropriation of \$12,324,761 total funds, including \$794,942 General Fund.

RECOMMENDATION: **Staff recommends approval of the request**, in accordance with Committee policy, and the fund splits in the following table, but requests permission to make fund source adjustments if necessary.

EXECUTIVE DIRECTOR'S OFFICE, HEALTH, LIFE, AND DENTAL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$11,709,546	\$656,794	\$4,550,059	\$60,205	\$6,442,488	0.0
TOTAL	\$11,709,546	\$656,794	\$4,550,059	\$60,205	\$6,442,488	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$11,709,546	\$656,794	\$4,550,059	\$60,205	\$6,442,488	0.0
Centrally appropriated line items	615,215	138,148	(18,904)	4,249	491,722	0.0
Fund source adjustment	0	0	1	0	(1)	0.0
TOTAL	\$12,324,761	\$794,942	\$4,531,156	\$64,454	\$6,934,209	0.0
INCREASE/(DECREASE)	\$615,215	\$138,148	(\$18,903)	\$4,249	\$491,721	0.0
Percentage Change	5.3%	21.0%	(0.4%)	7.1%	7.6%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$12,324,761	\$794,942	\$4,531,156	\$64,454	\$6,934,209	0.0
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

SHORT-TERM DISABILITY

This line item is used to pay the Department's share of costs associated with the state's short-term disability program administered by the Department of Personnel.

STATUTORY AUTHORITY: Pursuant to Section 24-50-611, C.R.S., and defined in Section 24-50-603 (13), C.R.S.

REQUEST: The Department requests an appropriation of \$134,391 total funds, including \$7,797 General Fund.

RECOMMENDATION: The staff recommendation is shown in the table below and reflects Committee policy. Staff requests permission to make fund source adjustments if necessary.

EXECUTIVE DIRECTOR'S OFFICE, SHORT-TERM DISABILITY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$138,177	\$7,020	\$57,954	\$1,044	\$72,159	0.0
TOTAL	\$138,177	\$7,020	\$57,954	\$1,044	\$72,159	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$138,177	\$7,020	\$57,954	\$1,044	\$72,159	0.0
Centrally appropriated line items	(3,889)	771	(6,221)	(211)	1,772	0.0
TOTAL	\$134,288	\$7,791	\$51,733	\$833	\$73,931	0.0
INCREASE/(DECREASE)	(\$3,889)	\$771	(\$6,221)	(\$211)	\$1,772	0.0
Percentage Change	(2.8%)	11.0%	(10.7%)	(20.2%)	2.5%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$134,391	\$7,797	\$51,772	\$834	\$73,988	0.0
Request Above/(Below) Recommendation	\$103	\$6	\$39	\$1	\$57	0.0

S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT

This line item is used to pay the costs associated with S.B. 04-257, which requires an additional state contribution for employees in the Public Employees' Retirement Association (PERA).

STATUTORY AUTHORITY: Pursuant to Section 24-51-411, C.R.S.

REQUEST: The Department requests an appropriation of \$3,953,250 total funds, including \$229,513 General Fund.

RECOMMENDATION: The staff recommendation is shown in the table below and reflects Committee policy. Staff requests permission to make fund source adjustments if necessary.

EXECUTIVE DIRECTOR'S OFFICE, S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$4,077,923	\$207,188	\$1,710,348	\$30,809	\$2,129,578	0.0
TOTAL	\$4,077,923	\$207,188	\$1,710,348	\$30,809	\$2,129,578	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$4,077,923	\$207,188	\$1,710,348	\$30,809	\$2,129,578	0.0
Centrally appropriated line items	(127,678)	21,940	(188,867)	(6,109)	45,358	0.0
TOTAL	\$3,950,245	\$229,128	\$1,521,481	\$24,700	\$2,174,936	0.0
INCREASE/(DECREASE)	(\$127,678)	\$21,940	(\$188,867)	(\$6,109)	\$45,358	0.0
Percentage Change	(3.1%)	10.6%	(11.0%)	(19.8%)	2.1%	0.0%

EXECUTIVE DIRECTOR'S OFFICE, S.B. 04-257 AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 EXECUTIVE REQUEST	\$3,953,250	\$229,513	\$1,522,189	\$24,746	\$2,176,802	0.0
Request Above/(Below)						
Recommendation	\$3,005	\$385	\$708	\$46	\$1,866	0.0

S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT

This line item is used to pay costs associated with S.B. 06-235, which provided for a mechanism to increase the effective PERA rate beginning on January 1, 2008.

STATUTORY AUTHORITY: Pursuant to Section 24-51-411, C.R.S.

REQUEST: The Department requests an appropriation of \$3,953,250 total funds, including \$229,513 General Fund.

RECOMMENDATION: **The staff recommendation is shown in the table below and reflects Committee policy.** Staff requests permission to make fund source adjustments if necessary.

EXECUTIVE DIRECTOR'S OFFICE, S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$4,077,923	\$207,188	\$1,710,348	\$30,809	\$2,129,578	0.0
TOTAL	\$4,077,923	\$207,188	\$1,710,348	\$30,809	\$2,129,578	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$4,077,923	\$207,188	\$1,710,348	\$30,809	\$2,129,578	0.0
Centrally appropriated line items	(127,678)	21,940	(188,867)	(6,109)	45,358	0.0
TOTAL	\$3,950,245	\$229,128	\$1,521,481	\$24,700	\$2,174,936	0.0
INCREASE/(DECREASE)	(\$127,678)	\$21,940	(\$188,867)	(\$6,109)	\$45,358	0.0
Percentage Change	(3.1%)	10.6%	(11.0%)	(19.8%)	2.1%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$3,953,250	\$229,513	\$1,522,189	\$24,746	\$2,176,802	0.0
Request Above/(Below)						
Recommendation	\$3,005	\$385	\$708	\$46	\$1,866	0.0

PERA DIRECT DISTRIBUTION

This line item funds a direct distribution to the Public Employees Retirement Association.

STATUTORY AUTHORITY: Section 24-51-414 (2), C.R.S.

REQUEST: Consistent with OSPB direction, the Department included a request for a direct distribution to the Public Employees Retirement Association (PERA).

RECOMMENDATION: The staff recommendation, below, reflects Committee common policy and aligns with the request.

EXECUTIVE DIRECTOR'S OFFICE, PERA DIRECT DISTRIBUTION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Centrally appropriated line items	\$2,186,326	\$126,840	\$842,254	\$13,568	\$1,203,664	0.0
TOTAL	\$2,186,326	\$126,840	\$842,254	\$13,568	\$1,203,664	0.0
INCREASE/(DECREASE)	\$2,186,326	\$126,840	\$842,254	\$13,568	\$1,203,664	0.0
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$2,186,326	\$126,840	\$842,254	\$13,568	\$1,203,664	0.0
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

SALARY SURVEY

This line is intended to pay for salary adjustments in accordance with the total compensation report prepared by the Department of Personnel.

STATUTORY AUTHORITY: Pursuant to Section 24-50-104, C.R.S.

REQUEST: The Department requests an appropriation of \$2,644,736, including \$157,889 General Fund, \$1,007,167 cash funds, \$21,234 reappropriated funds, and \$1,458,446 federal funds.

RECOMMENDATION: The staff recommendation is reflected in the table below and is calculated consistent with Committee common policy. Staff requests permission to adjust funding sources if required.

EXECUTIVE DIRECTOR'S OFFICE, SALARY SURVEY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$2,651,053	\$134,693	\$1,111,893	\$20,030	\$1,384,437	0.0
TOTAL	\$2,651,053	\$134,693	\$1,111,893	\$20,030	\$1,384,437	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$2,651,053	\$134,693	\$1,111,893	\$20,030	\$1,384,437	0.0
Centrally appropriated line items	2,577,526	149,289	991,325	20,209	1,416,703	0.0
Annualize prior year budget actions	(2,651,053)	(134,693)	(1,111,893)	(20,030)	(1,384,437)	0.0
TOTAL	\$2,577,526	\$149,289	\$991,325	\$20,209	\$1,416,703	0.0
INCREASE/(DECREASE)	(\$73,527)	\$14,596	(\$120,568)	\$179	\$32,266	0.0
Percentage Change	(2.8%)	10.8%	(10.8%)	0.9%	2.3%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$2,644,736	\$157,889	\$1,007,167	\$21,234	\$1,458,446	0.0
Request Above/(Below)						
Recommendation	\$67,210	\$8,600	\$15,842	\$1,025	\$41,743	0.0

MERIT PAY

This line item is a centrally appropriated line item used to pay for performance-based pay awards for state employees.

STATUTORY AUTHORITY: Pursuant to Section 24-50-104 (1) (c), C.R.S.

REQUEST: The Department requests an appropriation of \$0 total funds.

RECOMMENDATION: Consistent with common policy, staff does not recommend an appropriation for this line item.

PAID PARENTAL LEAVE

This line item is for a centrally appropriated line item to provide paid parental leave.

STATUTORY AUTHORITY: None.

REQUEST: Consistent with OSPB direction, the Department included a request for paid parental leave of \$132,608, including \$13,747 General Fund, \$55,192 cash funds, and \$63,669 federal funds.

RECOMMENDATION: **The staff recommendation is pending a Committee common policy on this request.**

SHIFT DIFFERENTIAL

This line item is used to pay for the incremental costs associated with higher compensation rates for employees who work after regular working hours.

STATUTORY AUTHORITY: Pursuant to Section 24-50-104 (1) (a), C.R.S.

REQUEST: The Department requests \$13,177 federal funds.

RECOMMENDATION: **Staff recommends approval of the \$13,177 federal funds request, in accordance with Committee policy.**

WORKERS' COMPENSATION

This line item is used by the Department to reimburse the Department of Personnel for its share of costs associated with providing workers' compensation insurance to state employees.

STATUTORY AUTHORITY: Pursuant to Section 24-30-1510.7, C.R.S.

REQUEST: The Department requests an appropriation of \$620,340, including \$22,187 General Fund, \$172,244 cash funds, and \$425,909 federal funds.

RECOMMENDATION: The staff recommendation is reflected in the table below and is calculated consistent with Committee common policy. Staff requests permission to adjust funding sources if required.

EXECUTIVE DIRECTOR'S OFFICE, WORKERS' COMPENSATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$892,165	\$22,188	\$247,717	\$0	\$622,260	0.0
TOTAL	\$892,165	\$22,188	\$247,717	\$0	\$622,260	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$892,165	\$22,188	\$247,717	\$0	\$622,260	0.0
Fund source adjustment	0	(1)	1	0	0	0.0
Centrally appropriated line items	(271,825)	0	(75,474)	0	(196,351)	0.0
TOTAL	\$620,340	\$22,187	\$172,244	\$0	\$425,909	0.0
INCREASE/(DECREASE)	(\$271,825)	(\$1)	(\$75,473)	\$0	(\$196,351)	0.0
Percentage Change	(30.5%)	(0.0%)	(30.5%)	n/a	(31.6%)	n/a
FY 2019-20 EXECUTIVE REQUEST	\$620,340	\$22,187	\$172,244	\$0	\$425,909	0.0
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

OPERATING EXPENSES

This line funds Department-wide and Executive Director's Office expenses such as department-wide software maintenance agreements, office supplies, in-state travel, and state fleet parking costs.

STATUTORY AUTHORITY: Pursuant to Section 24-75-112 (1) (b), C.R.S.

REQUEST: The Department requests an appropriation of \$1,876,659 total funds, including \$17,065 General Fund, \$791,606 cash funds, and \$1,067,988 federal funds.

RECOMMENDATION: The staff recommendation is shown in the table below. The recommendation incorporates the Committee common policy for the Department's share of a DPA initiative (Integrated Document System Increased Input Costs).

EXECUTIVE DIRECTOR'S OFFICE, OPERATING EXPENSES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$1,851,130	\$17,066	\$766,076	\$0	\$1,067,988	0.0
Other legislation	\$7,425	\$0	\$7,425	\$0	\$0	0.0
TOTAL	\$1,858,555	\$17,066	\$773,501	\$0	\$1,067,988	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$1,858,555	\$17,066	\$773,501	\$0	\$1,067,988	0.0
NP1-NP6 Non-prioritized requests (OIT and DPA initiatives)	10,933	0	10,933	0	0	0.0
Fund source adjustment	0	(1)	1	0	0	0.0
TOTAL	\$1,869,488	\$17,065	\$784,435	\$0	\$1,067,988	0.0

EXECUTIVE DIRECTOR'S OFFICE, OPERATING EXPENSES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
INCREASE/(DECREASE)	\$10,933	(\$1)	\$10,934	\$0	\$0	0.0
Percentage Change	0.6%	(0.0%)	1.4%	n/a	0.0%	n/a
FY 2019-20 EXECUTIVE REQUEST	\$1,876,659	\$17,065	\$791,606	\$0	\$1,067,988	0.0
Request Above/(Below)						
Recommendation	\$7,171	\$0	\$7,171	\$0	\$0	0.0

LEGAL SERVICES

This line item is used to pay the Department of Law for the provision of legal services to the Department.

STATUTORY AUTHORITY: Pursuant to 24-31-101 (1) (a), C.R.S., and defined in Section 24-75-112 (1) (i), C.R.S.

REQUEST: The Department requests an appropriation of \$1,036,677, including \$110,860 General Fund, \$292,422 cash funds, and \$633,395 federal funds. This includes a common policy increase of \$96,817 cash funds and a General Fund reduction of \$4,262 to annualize prior year legislation (S.B. 18-267).

RECOMMENDATION: **The staff recommendation is pending the Committee's common policy decision for the Department of Law.** Staff requests permission to reflect the Committee's decision in the appropriation for this line item. In prior years, the Department used approximately 8,415 hours of legal services.

PAYMENTS TO RISK MANAGEMENT AND PROPERTY FUNDS

This line item is used to reimburse the Department of Personnel for the Department's share of expenses associated with the state's liability insurance and property insurance.

STATUTORY AUTHORITY: Pursuant to Section 24-30-1510 and 24-30-1510.5, C.R.S.

REQUEST: The Department requests an appropriation of \$158,575 total funds, including \$7,211 General Fund, \$38,598 cash funds, and \$112,766 federal funds. This includes a common policy and fund source adjustment.

RECOMMENDATION: **The staff recommendation is reflected in the table below and is calculated consistent with Committee common policy.** Staff requests permission to adjust funding sources if required.

EXECUTIVE DIRECTOR'S OFFICE, PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$169,783	\$8,335	\$44,609	\$0	\$116,839	0.0

EXECUTIVE DIRECTOR'S OFFICE, PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
TOTAL	\$169,783	\$8,335	\$44,609	\$0	\$116,839	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$169,783	\$8,335	\$44,609	\$0	\$116,839	0.0
Fund source adjustment	0	(1,124)	(3,290)	0	4,414	0.0
Centrally appropriated line items	(11,724)	0	(2,931)	0	(8,793)	0.0
TOTAL	\$158,059	\$7,211	\$38,388	\$0	\$112,460	0.0
INCREASE/(DECREASE)	(\$11,724)	(\$1,124)	(\$6,221)	\$0	(\$4,379)	0.0
Percentage Change	(6.9%)	(13.5%)	(13.9%)	0.0%	(3.7%)	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$158,575	\$7,211	\$38,598	\$0	\$112,766	0.0
Request Above/(Below)						
Recommendation	\$516	\$0	\$210	\$0	\$306	0.0

VEHICLE LEASE PAYMENTS

This line item is used by the Department to reimburse the Department of Personnel for the costs associated with vehicle lease payments for vehicles used by the Department. The Department currently has a fleet of 53 vehicles.

STATUTORY AUTHORITY: Pursuant to Section 24-30-1104 (2), C.R.S.

REQUEST: The Department requests an appropriation of \$201,829 total funds (\$12,446 General Fund, \$125,354 cash funds, and \$64,029 federal funds). This includes a common policy and fund source adjustment. The Department indicates that it seeks to replace 7 vehicles due to age and high mileage.

RECOMMENDATION: **Staff recommendation is pending Committee approval** of a common policy for this line item. Staff requests permission to adjust all pending line items and apply a fund split, once Committee policy is established.

LEASED SPACE

This line item is used by the Department to pay for leased space in locations around the state. The Department identified 42 primary and 19 subleases it holds around the State.

STATUTORY AUTHORITY: Pursuant to Section 24-75-112 (1) (b), C.R.S.

REQUEST: The Department requests an appropriation of \$6,238,857 total funds (\$420,361 General Fund, \$2,515,039 cash funds, and \$3,303,457 federal funds). The request includes a 3.0 percent inflationary increase across all fund sources. The Department provided detail on cost by lease.

RECOMMENDATION: **Staff recommends approval of the request.** The most expensive of the Department lease\\ is the lease for its main offices at 633 17th street at an annual cost of \$4,019,201 or 64 percent of the Department's total leased space costs. This covers 184,564 square feet for a current rate of \$21.78 per square foot. This appears to be on the lower end for downtown Denver office space.

EXECUTIVE DIRECTOR'S OFFICE, LEASED SPACE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$6,057,142	\$408,117	\$2,441,785	\$0	\$3,207,240	0.0
TOTAL	\$6,057,142	\$408,117	\$2,441,785	\$0	\$3,207,240	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$6,057,142	\$408,117	\$2,441,785	\$0	\$3,207,240	0.0
Centrally appropriated line items	181,715	12,244	73,254	0	96,217	0.0
TOTAL	\$6,238,857	\$420,361	\$2,515,039	\$0	\$3,303,457	0.0
INCREASE/(DECREASE)	\$181,715	\$12,244	\$73,254	\$0	\$96,217	0.0
Percentage Change	3.0%	3.0%	3.0%	0.0%	3.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$6,238,857	\$420,361	\$2,515,039	\$0	\$3,303,457	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

CAPITOL COMPLEX LEASED SPACE

This line item is used by the Department to reimburse the Department of Personnel for expenses related to maintaining capitol complex facilities managed by Department of Personnel.

STATUTORY AUTHORITY: Pursuant to Section 24-30-1104 (4) and Part 1 of Article 82 of Title 24, C.R.S.

REQUEST: The Department requests an appropriation of \$34,223 total funds (\$5,125 General Fund, \$21,009 cash funds, and \$8,009 federal funds).

RECOMMENDATION: **The staff recommendation is reflected in the table below and is calculated consistent with Committee common policy.** Staff requests permission to adjust funding sources if required.

EXECUTIVE DIRECTOR'S OFFICE, CAPITOL COMPLEX LEASED SPACE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$35,134	\$4,001	\$16,402	\$0	\$14,731	0.0
TOTAL	\$35,134	\$4,001	\$16,402	\$0	\$14,731	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$35,134	\$4,001	\$16,402	\$0	\$14,731	0.0
Fund source adjustment	0	1,124	4,607	0	(5,731)	0.0
Centrally appropriated line items	(139)	0	0	0	(139)	0.0
TOTAL	\$34,995	\$5,125	\$21,009	\$0	\$8,861	0.0
INCREASE/(DECREASE)	(\$139)	\$1,124	\$4,607	\$0	(\$5,870)	0.0
Percentage Change	(0.4%)	28.1%	28.1%	n/a	(39.8%)	n/a
FY 2019-20 EXECUTIVE REQUEST	\$34,223	\$5,125	\$21,009	\$0	\$8,089	0.0
Request Above/(Below) Recommendation	(\$772)	\$0	\$0	\$0	(\$772)	0.0

PAYMENTS TO OIT

This line item is used to reimburse the Governor's Office of Information Technology for the Department's share of costs for the management and administration of OIT.

STATUTORY AUTHORITY: Pursuant to Section 24-37.5-104, C.R.S.

REQUEST: The Department requests an appropriation of \$16,634,901 total funds (\$3,776,136 General Fund, \$7,688,135 cash funds, \$302,688 reappropriated funds, and \$4,867,942 federal funds).

RECOMMENDATION: **Staff recommendation is pending Committee action on common policies.** Staff requests permission to reflect the Committee's decision in the appropriation for this line item and apply a fund split, once Committee policy is established. The table below shows the request. Note that the total includes the request to add 9.0 FTE in OIT effective January 2020. This figure would annualize (double) in FY 2020-21.

EXECUTIVE DIRECTOR'S OFFICE, PAYMENTS TO OIT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$12,287,049	\$2,710,698	\$4,896,984	\$295,073	\$4,384,294	0.0
TOTAL	\$12,287,049	\$2,710,698	\$4,896,984	\$295,073	\$4,384,294	0.0
FY 2019-20 REQUESTED* APPROPRIATION						
FY 2018-19 Appropriation	\$12,287,049	\$2,710,698	\$4,896,984	\$295,073	\$4,384,294	0.0
Centrally appropriated line items	3,064,503	976,408	1,934,447	0	153,648	0.0
Non-prioritized requests (OIT initiatives)	681,840	89,030	262,810	0	330,000	0.0
R1 Unemployment Insurance migrated system operations	601,509	0	601,509	0	0	0.0
Fund source adjustment	0	0	(7,615)	7,615	0	0.0
TOTAL	\$16,634,901	\$3,776,136	\$7,688,135	\$302,688	\$4,867,942	0.0
INCREASE/(DECREASE)	\$4,347,852	\$1,065,438	\$2,791,151	\$7,615	\$483,648	0.0
Percentage Change	35.4%	39.3%	57.0%	2.6%	11.0%	n/a
FY 2019-20 EXECUTIVE REQUEST	\$16,634,901	\$3,776,136	\$7,688,135	\$302,688	\$4,867,942	0.0
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

*Request. Recommendation is pending Committee common policy

CORE OPERATIONS

This line item is used by the Department to reimburse the Department of Personnel for the costs associated with maintaining the state's accounting system.

STATUTORY AUTHORITY: Pursuant to Section 24-30-209, C.R.S.

REQUEST: The Department requests an appropriation of \$413,116 total funds (\$132,636 cash funds and \$280,480 federal funds).

RECOMMENDATION: The staff recommendation is reflected in the table below and is calculated consistent with Committee common policy. Staff requests permission to adjust funding sources if required.

EXECUTIVE DIRECTOR'S OFFICE, CORE OPERATIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$448,335	\$0	\$145,260	\$0	\$303,075	0.0
TOTAL	\$448,335	\$0	\$145,260	\$0	\$303,075	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$448,335	\$0	\$145,260	\$0	\$303,075	0.0
Fund source adjustment	0	0	(1,316)	0	1,316	0.0
Centrally appropriated line items	(59,184)	0	(19,003)	0	(40,181)	0.0
TOTAL	\$389,151	\$0	\$124,941	\$0	\$264,210	0.0
INCREASE/(DECREASE)	(\$59,184)	\$0	(\$20,319)	\$0	(\$38,865)	0.0
Percentage Change	(13.2%)	n/a	(14.0%)	n/a	(12.8%)	n/a
FY 2019-20 EXECUTIVE REQUEST	\$413,116	\$0	\$132,636	\$0	\$280,480	0.0
Request Above/(Below)						
Recommendation	\$23,965	\$0	\$7,695	\$0	\$16,270	0.0

UTILITIES

This line item is used to pay for the utilities expenses at 251 E. 12th Avenue. The building is owned by the State, and the utility expenses are paid by the Department of Labor and Employment.

STATUTORY AUTHORITY: Pursuant to Section 24-75-112 (1) (l), C.R.S.

REQUEST: The Department requests an appropriation of \$260,309 federal funds, which represents a continuation of level funding.

RECOMMENDATION: Staff recommends approval of the request for a continuation amount of \$260,309 federal funds.

INFORMATION TECHNOLOGY ASSET MAINTENANCE

The Department relies extensively on computers and databases to track the constituents that pay fees and taxes to support its programs. The Department also relies extensively on technology to track the individuals who qualify for benefits from its programs. The Department uses this line item to purchase the Microsoft software and on data network infrastructure.

STATUTORY AUTHORITY: Pursuant to Section 24-75-112 (1) (l), C.R.S.

REQUEST: The Department requests an appropriation of \$218,626 total funds (\$69,243 cash funds and \$149,383 federal funds).

RECOMMENDATION: Staff recommends approval of the request for a continuation amount of \$218,626 total funds (\$69,243 cash funds and \$149,383 federal funds).

STATEWIDE INDIRECT COST ASSESSMENT

Indirect costs are the overhead costs associated with the operation of general government functions and departmental administrative duties. Indirect cost recoveries offset overhead costs that would otherwise have been supported by General Fund. Recoveries from cash and federally funded programs are calculated for statewide indirect cost assessments.

STATUTORY AUTHORITY: Pursuant to Section 24-75-1401 (2), C.R.S.

REQUEST: The Department requests an appropriation of \$607,056 total funds (\$279,912 cash funds, and \$327,144 federal funds).

RECOMMENDATION: The staff recommendation is reflected in the table below and is calculated consistent with Committee common policy. Staff requests permission to adjust funding sources if required.

EXECUTIVE DIRECTOR'S OFFICE, STATEWIDE INDIRECT COST ASSESSMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$610,181	\$0	\$273,526	\$7,511	\$329,144	0.0
TOTAL	\$610,181	\$0	\$273,526	\$7,511	\$329,144	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$610,181	\$0	\$273,526	\$7,511	\$329,144	0.0
Fund source adjustment	0	0	7,511	(7,511)	0	0.0
Centrally appropriated line items	(3,125)	0	(1,125)	0	(2,000)	0.0
TOTAL	\$607,056	\$0	\$279,912	\$0	\$327,144	0.0
INCREASE/(DECREASE)	(\$3,125)	\$0	\$6,386	(\$7,511)	(\$2,000)	0.0
Percentage Change	(0.5%)	0.0%	2.3%	(100.0%)	(0.6%)	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$607,056	\$0	\$279,912	\$0	\$327,144	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

DEPRECIATION LEASE EQUIVALENT PAYMENTS

Depreciation lease equivalent payments are amounts equal to the recorded depreciation of a capital asset that must be set aside pursuant to statute in a reserve account (either a capital reserve account for a cash funded project or the Capital Construction Fund and Controlled Maintenance Trust Fund for a General Fund project).

STATUTORY AUTHORITY: Section 24-30-1310, C.R.S.

REQUEST: The Department requested a cash fund appropriation of \$386,562 cash funds related to the depreciation of its Worker's Compensation information technology capital project that was funded in

FY 2017-18. Depreciation was based on the project cost of \$5,798,430 cash funds from the Workers Compensation Cash Fund.

RECOMMENDATION: **Staff does not recommend an appropriation for this line item.** Pursuant to Section 24-30-1310 (2), C.R.S. the requirement to set aside funds for depreciation lease equivalent payments specifically *excludes* “appropriations for information technology projects”.

BOTTOM LINE FUNDING RECOMMENDATION

The Executive Director's Office is funded by various federal sources for the centrally appropriated line items, which makes it difficult for the Department to project, a year in advance, the exact fund splits between fund types for centrally appropriated line items. Bottom line funding provides the Department the flexibility to apply federal funds to appropriate line items in order to cover expenses.

RECOMMENDATION: Staff recommends the Executive Director's Office remain bottom line funded, and staff requests permission to apply a bottom line fund split once pending line items are established.

(2) DIVISION OF UNEMPLOYMENT INSURANCE

The Department is responsible for administering Colorado's Unemployment Insurance Programs (UI Programs). UI Programs provide temporary benefits to individuals who have lost their job through no fault of their own. Program responsibilities include: general administration, tax collection from employers, benefits payments, employer audits, call center operation, claimant appeals, and quality control measures.

The Division includes the operational components below. The Department provided the following estimated headcount for each of its operational subsections as of FY 2018-19. The FTE in this division vary based on economic cycles and related federal funding allocations.

Historically, federal funds have supported about 72 percent of expenditures in this division. However, because federal funds are reduced when a state has a low unemployment rate, state funds currently support a larger share of expenditures (approximately 63 percent).

	FEBRUARY 2019 HEADCOUNT
Program Support (Administration)	7
Claims and Adjudication	214
Infrastructure Operations (Call Center, Document Management)	115
Benefits Payment Control and Fraud Integrity	56
Appeals	28
Audits	33
UI Modernization Business-Change Management	9
Business Operations Management (Internal information technology staff)	11
Policy and communications	5
Total	478

DIVISION OF UNEMPLOYMENT INSURANCE					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 Appropriation					
H.B. 18-1322 (Long Bill)	\$45,673,931	\$38,361	\$12,447,772	\$33,187,798	484.1
TOTAL	\$45,673,931	\$38,361	\$12,447,772	\$33,187,798	484.1
FY 2019-20 RECOMMENDED APPROPRIATION					
FY 2018-19 Appropriation	\$45,673,931	\$38,361	\$12,447,772	\$33,187,798	484.1
R1 Unemployment Insurance migrated system operations	3,200,000	0	3,200,000	0	0.0
R5 Replacement of the legacy field audit system	450,000	0	450,000	0	0.0
Non-prioritized requests (OIT and DPA initiatives)	22,197	0	22,197	0	0.0
Informational funds adjustment	(3,000,000)	0	0	(3,000,000)	0.0
Annualize prior year legislation	31,277	0	31,277	0	0.0
Annualize prior year budget actions	994,010	0	327,694	666,316	0.0
TOTAL	\$47,371,415	\$38,361	\$16,478,940	\$30,854,114	484.1
INCREASE/(DECREASE)	\$1,697,484	\$0	\$4,031,168	(\$2,333,684)	0.0
Percentage Change	3.7%	0.0%	32.4%	(7.0%)	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$50,416,875	\$38,361	\$16,524,400	\$33,854,114	484.1

DIVISION OF UNEMPLOYMENT INSURANCE					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
Request Above/(Below) Recommendation	\$3,045,460	\$0	\$45,460	\$3,000,000	0.0

DECISION ITEMS - DIVISION OF UNEMPLOYMENT INSURANCE

→ R5 REPLACEMENT OF LEGACY FIELD AUDIT SYSTEM FOR UI

REQUEST: The Department requests \$450,000 cash funds from the Employment Support Fund to replace the information technology system that supports its Unemployment Insurance field audit staff. This staff is responsible for auditing *businesses* to ensure that they are correctly calculating their unemployment insurance contributions.

The federal government requires the State to audit at least 1.0 percent of contributing employers representing at least 1.0 percent of total wages annually. It also requires that these audits result in changes in total wages on which UI taxes are assessed of at least 2.0 percent, that audits result in an average of at least 1 worker reclassified per audit, and that the sum of the audit effectiveness measures (percent of employers audited, percent of wages audit, percent change to wages, and average number of workers reclassified per audit) be at least 7.0. The Department must therefore track these measures for the approximately 2,500 field audits completed annually by its 32-member audit staff.

The Department seeks a workflow application that supports staff in performing and completing audits and produces an audit record to federal specifications. The system must be able to download employer and worker wage information from the Department's employer premiums and benefits systems, ensure that additional premiums that result from the audit process are added back into the premiums system, and store audit results in a database. The Department currently uses a legacy system that uses a combination of Access databases and Excel spreadsheets. It has had difficulty maintaining the system as newer versions of Excel are released. Based on responses to Request for Information, it believe there is at least one nationally successful vendor-built system that it could purchase that would require limited customization to align with Colorado's UI premiums and benefits systems. The request would annualize to \$40,000 cash funds from the Employment Support Fund in FY 2020-21 and subsequent years for licensing and subscription costs.

RECOMMENDATION: Staff recommends the request for \$450,000 cash funds from the Employment Support Fund, annualizing to \$40,000 cash funds in subsequent years.

- This item is identified as "Mission Critical" in the Department's IT Roadmap and is recommended by OIT.
- As indicated in the request, the Department must comply with specific federal requirements to audit employers participating in the UI system and must submit specific related reports to federal authorities.
- The Department provided documentation indicating that its current system is scored as meeting 57 percent of its need, while the proposed new system is anticipated to meet 89 percent.

- The new system will interact with the Department's unemployment insurance systems for collecting UI taxes and paying UI benefits (CATS and CUBS). This involves initial data downloads (to obtain employer information and worker wage information) and, at the end of an audit, uploads of updated worker wage information (file transfer protocol). Based on the information provided, it seems likely that the Department will be able to work on this new initiative while the new CATS/CUBS systems are in development and rollout.
- The Department anticipates that minimal customization will be required to the system it proposes to use.
- Staff assumes that if the project costs less than the estimate, the Department will revert unneeded funds.

→ STAFF-INITIATED INFORMATIONAL FEDERAL FUNDS ADJUSTMENT

The recommendation includes a reduction in federal funds of \$3,000,000, resulting in \$30,854,114 federal funds reflected for informational purposes in the Division of Unemployment Insurance.

The Department anticipates receiving \$32,881,903 in federal unemployment insurance funds in FFY 2018-19. A portion of the total is expended in the Executive Director's Office. Federal support for this division is subject to significant change from year to year based on federal allocation formulas.

LINE ITEM DETAIL - DIVISION OF UNEMPLOYMENT INSURANCE

PROGRAM COSTS

This line item funds the UI Programs personal services and operating expenses.

STATUTORY AUTHORITY: Pursuant to Section 8-71-101, C.R.S.

REQUEST: The Department requests an appropriation of \$45,896,875 total funds (\$38,361 General Fund, \$12,004,400 cash funds, and \$33,854,114 federal funds) and 458.1 FTE.

RECOMMENDATION: **The staff recommendation is included in the table below.**

Differences from the request:

- The recommendation annualizes FY 2018-19 request R1 and thus includes a reduction of \$30,900 cash funds not included in the request.
- Staff has included funding for R1 in the Employment and Training Technology Initiatives line item, instead of this one.
- Committee action on the DPA integrated document system decision item, a non-prioritized request in this department, provides for a lower amount than the request.
- The recommendation includes an adjustment to federal funds anticipated to be received.

Other detail:

- Annualization of prior year appropriations also includes \$1,024,910, including \$358,594 cash funds and \$666,316 federal funds, to move prior year salary survey amounts (centrally appropriated in the first year) to this line item.
- Annualization of prior year legislation reflects the impact of S.B. 18-200 (PERA).

DIVISION OF UNEMPLOYMENT INSURANCE, PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$41,153,931	\$38,361	\$7,927,772	\$0	\$33,187,798	458.1
TOTAL	\$41,153,931	\$38,361	\$7,927,772	\$0	\$33,187,798	458.1
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$41,153,931	\$38,361	\$7,927,772	\$0	\$33,187,798	458.1
Annualize prior year budget actions	994,010	0	327,694	0	666,316	0.0
R5 Replacement of the legacy field audit system	450,000	0	450,000	0	0	0.0
Annualize prior year legislation	31,277	0	31,277	0	0	0.0
NP1-NP6 Non-prioritized requests (OIT and DPA initiatives)	22,197	0	22,197	0	0	0.0
R1 Unemployment Insurance migrated system operations	0	0	0	0	0	0.0
Informational funds adjustment	(3,000,000)	0	0	0	(3,000,000)	0.0
TOTAL	\$39,651,415	\$38,361	8,758,940	\$0	\$30,854,114	458.1
INCREASE/(DECREASE)	(\$1,502,516)	\$0	\$831,168	\$0	(\$2,333,684)	0.0
Percentage Change	(3.7%)	0.0%	10.5%	0.0%	(7.0%)	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$45,896,875	\$38,361	\$12,004,400	\$0	\$33,854,114	458.1
Request Above/(Below) Recommendation	\$6,245,460	\$0	\$3,245,460	\$0	\$3,000,000	0.0

EMPLOYMENT AND TRAINING TECHNOLOGY INITIATIVES

This line item funds the Department's efforts to modernize its unemployment insurance technology infrastructure.

STATUTORY AUTHORITY: Pursuant to Section 8-77-109, C.R.S.

REQUEST: The Department requests an appropriation of \$4,520,000 cash funds and 26.0 FTE, which represents a continuation of level funding.

RECOMMENDATION: The staff recommendation is reflected in the table below. Staff recommends adding R1 to this line item, rather than the Program Costs line item.

DIVISION OF UNEMPLOYMENT INSURANCE, EMPLOYMENT AND TRAINING TECHNOLOGY INITIATIVES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$4,520,000	\$0	\$4,520,000	\$0	\$0	26.0
TOTAL	\$4,520,000	\$0	\$4,520,000	\$0	\$0	26.0

DIVISION OF UNEMPLOYMENT INSURANCE, EMPLOYMENT AND TRAINING TECHNOLOGY INITIATIVES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$4,520,000	\$0	\$4,520,000	\$0	\$0	26.0
R1 Unemployment Insurance migrated system operations	3,200,000	0	3,200,000	0	0	0.0
TOTAL	\$7,720,000	\$0	\$7,720,000	\$0	\$0	26.0
INCREASE/(DECREASE)	\$3,200,000	\$0	\$3,200,000	\$0	\$0	0.0
Percentage Change	70.8%	0.0%	70.8%	0.0%	0.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$4,520,000	\$0	\$4,520,000	\$0	\$0	26.0
Request Above/(Below) Recommendation	(\$3,200,000)	\$0	(\$3,200,000)	\$0	\$0	0.0

(3) DIVISION OF EMPLOYMENT AND TRAINING

The Division of Employment and Training provides services to businesses and potential employees to increase labor participation in the state. The 56 state and county run one-stop centers (also known as workforce centers and American job centers) offer job search assistance, additional job training, and classes to improve interview and resume skills to job seekers. Services at the centers, which are located throughout the State, are free to job seekers and employers, with the goal of matching qualified job seekers with employers. The State supports an on-line job search board (ConnectingColorado.com) and on-line resources, as well as in person services at workforce centers.

Workforce centers in the state's largest counties are operated by the counties themselves. The following counties have entered into contract with the State to operate their own centers: Adams, Arapahoe (with Douglas), Boulder, Denver, El Paso (with Teller), Jefferson (with Gilpin and Clear Creek), Larimer, Mesa, and Weld. All other counties are included in a Rural Consortium group served by state-staffed regional workforce centers. The table below summarizes the use of major federal and cash fund sources in this division.

EMPLOYMENT AND TRAINING DIVISION FUND SOURCES - FY2018-19					
FUNDING SOURCE	TOTAL GRANT OR APPROPRIATION	DEPARTMENT ADMINISTRATION	COUNTY-RUN AND STATE-ADMINISTERED RURAL WORKFORCE CENTERS, OTHER	LINE ITEMS WHERE APPLIED	PURPOSE
Federal Wagner Peyser Grant	10,389,581	152,025	10,237,556	90% reflected in One-stop Contracts line item; 10% is in State Operations but most of this is allocated to workforce centers	Formula allocation to the State for workforce center labor exchange services
State Employment Support Fund	10,470,603	2,641,477	7,829,126	Most is in State Operations line item but is allocated to workforce centers and other contractors. \$807,540 is in the WIOA line item.	State cash funds from UI Premiums. Supports both state administration and workforce center activities.
Federal Workforce Innovation and Opportunity Grant Funds (WIOA)	28,248,985	2,012,449	26,236,536	WIOA line item.	Supports workforce center operations and related accountability, employment and training activities
Totals	49,109,169	4,805,951	44,303,218		

DIVISION OF EMPLOYMENT AND TRAINING						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 Appropriation						
H.B. 18-1322 (Long Bill)	\$64,355,284	\$1,576,819	\$15,616,898	\$496,199	\$46,665,368	216.2
Other legislation	3,000,000	1,000,000	1,000,000	1,000,000	0	0.5
TOTAL	\$67,355,284	\$2,576,819	\$16,616,898	\$1,496,199	\$46,665,368	216.7
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$67,355,284	\$2,576,819	\$16,616,898	\$1,496,199	\$46,665,368	216.7
Informational funds adjustment	(1,055,000)	0	0	0	(1,055,000)	0.0
Annualize prior year legislation	(1,380,568)	2,300,000	(5,981,968)	2,301,400	0	(0.5)
Annualize prior year budget actions	425,236	11,112	177,995	10,135	225,994	0.0
TOTAL	\$65,344,952	\$4,887,931	\$10,812,925	\$3,807,734	\$45,836,362	216.2
INCREASE/(DECREASE)	(\$2,010,332)	\$2,311,112	(\$5,803,973)	\$2,311,535	(\$829,006)	(0.5)
Percentage Change	(3.0%)	89.7%	(34.9%)	154.5%	(1.8%)	(0.2%)
FY 2019-20 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$1,060,284	\$0	\$0	\$5,284	\$1,055,000	(0.0)

DECISION ITEMS - DIVISION OF EMPLOYMENT AND TRAINING

→ STAFF-INITIATED INFORMATIONAL FEDERAL FUNDS ADJUSTMENT

The recommendation includes:

- A decrease in federal funds of \$2,000,000 in the Federal Workforce Innovation and Opportunity Grant line item based on funds anticipated to be received in FY 2018-19. The adjustment is expected to bring amounts shown for informational purposes into closer alignment with anticipated federal support.
- An increase of \$945,000 federal funds in the Workforce Improvement Grants line item to reflect a federal grant supporting the development of apprenticeships.

LINE ITEM DETAIL - DIVISION OF EMPLOYMENT AND TRAINING

STATE OPERATIONS AND PROGRAM COSTS

This line item funds administrative staff of the Employment and Training division and supports the administration of several other employment programs. It also includes funds allocated to one-stop workforce centers. Each one-stop center provides job search assistance, classes, and services for individuals with special needs. The majority of funding in this line item is from the Employment Support Fund (unemployment insurance premiums). The line item also includes federal funds.

STATUTORY AUTHORITY: Pursuant to Sections 8-83-101, C.R.S. *et seq.* and 8-15.5-101, C.R.S. *et seq.*

REQUEST: The Department requests an appropriation of \$15,067,369 total funds (\$10,005,385 cash funds and \$5,011,984 federal funds) and 125.8 FTE, including annualization of prior year salary survey and S.B. 18-200 (PERA).

RECOMMENDATION: The staff recommendation aligns with the request and is shown in the table.

DIVISION OF EMPLOYMENT AND TRAINING, STATE OPERATIONS AND PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$14,755,391	\$0	\$9,809,358	\$0	\$4,946,033	125.8
TOTAL	\$14,755,391	\$0	\$9,809,358	\$0	\$4,946,033	125.8
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$14,755,391	\$0	\$9,809,358	\$0	\$4,946,033	125.8
Annualize prior year budget actions	243,946	0	177,995	0	65,951	0.0
Annualize prior year legislation	18,032	0	18,032	0	0	0.0
TOTAL	\$15,017,369	\$0	\$10,005,385	\$0	\$5,011,984	125.8
INCREASE/(DECREASE)	\$261,978	\$0	\$196,027	\$0	\$65,951	0.0
Percentage Change	1.8%	0.0%	2.0%	n/a	1.3%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$15,017,369	\$0	\$10,005,385	\$0	\$5,011,984	125.8
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

ONE-STOP WORKFORCE CENTER CONTRACTS

This line item includes federal Wagner Peyser funds allocated for one-stop workforce center operations. The one-stops serve as centers for the dissemination of all federal employment program information, including job training and search programs. The line item includes funds allocated to counties that operate their own workforce centers and amounts allocated to the Colorado Rural Workforce Consortium (CRWC). The CRWC sites are staffed by the State.

STATUTORY AUTHORITY: Pursuant to Sections 8-83-101, C.R.S. *et seq.*

REQUEST: The Department requests an appropriation of \$9,199,807 federal funds, including annualization of prior year salary survey.

RECOMMENDATION: Staff recommends the requested amount, which is shown for informational purposes and appears close to the anticipated federal funds available.

DIVISION OF EMPLOYMENT AND TRAINING, ONE-STOP WORKFORCE CENTER CONTRACTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$9,164,335	\$0	\$0	\$0	\$9,164,335	17.9
TOTAL	\$9,164,335	\$0	\$0	\$0	\$9,164,335	17.9
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$9,164,335	\$0	\$0	\$0	\$9,164,335	17.9
Annualize prior year budget actions	35,472	0	0	0	35,472	0.0
TOTAL	\$9,199,807	\$0	\$0	\$0	\$9,199,807	17.9
INCREASE/(DECREASE)	\$35,472	\$0	\$0	\$0	\$35,472	0.0

DIVISION OF EMPLOYMENT AND TRAINING, ONE-STOP WORKFORCE CENTER CONTRACTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Percentage Change	0.4%	n/a	n/a	n/a	0.4%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$9,199,807	\$0	\$0	\$0	\$9,199,807	17.9
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

TRADE ADJUSTMENT ACT ASSISTANCE

This line item reflects federal pass through funding used to provide job training assistance to workers dislocated because of foreign trade agreements. Assistance includes extended UI benefits and supplemental salary payments.

STATUTORY AUTHORITY: Pursuant to Sections 8-83-101, C.R.S. *et seq.*

REQUEST: The Department requests a continuation appropriation of \$2,000,000 federal funds, which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends approval of the request for a continuation appropriation of \$2,000,000 federal funds.**

WORKFORCE INNOVATION AND OPPORTUNITY ACT

Federal Workforce Innovation and Opportunity Act (WIOA) funds are distributed to state and county run one-stop centers for services and programs that provide job training and job skills. The federally-funded program serves eligible adults and youth who need additional employment services, education, and/or training to prepare them to enter the workforce or to reenter after a job loss. The WIOA funds skills assessments, basic skills remediation, occupational skills training, and retraining.

STATUTORY AUTHORITY: Pursuant to Sections 8-83-201, C.R.S. *et seq.*

REQUEST: The Department requests an appropriation of \$31,432,111 total funds (\$807,540 cash funds and \$30,624,571 federal funds) and 61.2 FTE, including annualization of prior year salary survey.

RECOMMENDATION: **The staff recommendation is reflected in the table below. The recommendation includes the salary survey adjustment and a reduction of \$2,000,000 to reflect anticipated changes in federal support.**

DIVISION OF EMPLOYMENT AND TRAINING, WORKFORCE INNOVATION AND OPPORTUNITY ACT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$31,307,540	\$0	\$807,540	\$0	\$30,500,000	61.2
TOTAL	\$31,307,540	\$0	\$807,540	\$0	\$30,500,000	61.2
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$31,307,540	\$0	\$807,540	\$0	\$30,500,000	61.2
Annualize prior year budget actions	124,571	0	0	0	124,571	0.0

DIVISION OF EMPLOYMENT AND TRAINING, WORKFORCE INNOVATION AND OPPORTUNITY ACT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Informational funds adjustment	(2,000,000)	0	0	0	(2,000,000)	0.0
TOTAL	\$29,432,111	\$0	\$807,540	\$0	\$28,624,571	61.2
INCREASE/(DECREASE)	(\$1,875,429)	\$0	\$0	\$0	(\$1,875,429)	0.0
Percentage Change	(6.0%)	0.0%	0.0%	0.0%	(6.1%)	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$31,432,111	\$0	\$807,540	\$0	\$30,624,571	61.2
Request Above/(Below)						
Recommendation	\$2,000,000	\$0	\$0	\$0	\$2,000,000	0.0

WORKFORCE DEVELOPMENT COUNCIL

This line supports the staff of the Workforce Development Council. The Council was created to meet the requirements of Title I of the federal Workforce Investment Act of 1998, and its function was reauthorized in the Workforce Innovation and Opportunity Act of 2014. The Council is responsible for designating local workforce investment areas, coordinating the delivery of workforce development programs, and reviewing the allocation of federal Title I funds for adult employment and training activities and youth activities. The Council is supported by state General Fund and funds transferred (reappropriated) from the Departments of Human Services, Education, Local Affairs, and Community Colleges. The Office of State Planning and Budgeting is required to determine each agency's contributions on an annual basis.

With the passage of H.B.15-1170 (Postsecondary and Workforce Readiness), the Council works with local education providers, business, industry, Department of Education to raise the level of Postsecondary and Workforce Readiness. Also with the passage of H.B. 15-1274 (Career Pathways for Students), the Council works with its partners to design integrated career pathways within identified growth industries. All of the General Fund and 3.5 FTE in this line item stem from these two bills.

STATUTORY AUTHORITY: Pursuant Title 24, Article 46.3, C.R.S.

REQUEST: The Department requests an appropriation of \$1,091,930 total funds (\$584,196 General Fund and \$507,734 reappropriated funds) and 7.5 FTE. This includes annualization of prior year salary survey appropriations and S.B. 18-200 (PERA).

RECOMMENDATION: **Staff recommends approval of the request, as reflected in the table below.**

DIVISION OF EMPLOYMENT AND TRAINING, WORKFORCE DEVELOPMENT COUNCIL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$1,073,302	\$577,103	\$0	\$496,199	\$0	7.5
TOTAL	\$1,073,302	\$577,103	\$0	\$496,199	\$0	7.5
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$1,073,302	\$577,103	\$0	\$496,199	\$0	7.5
Annualize prior year budget actions	17,228	7,093	0	10,135	0	0.0
Annualize prior year legislation	1,400	0	0	1,400	0	0.0

DIVISION OF EMPLOYMENT AND TRAINING, WORKFORCE DEVELOPMENT COUNCIL						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
TOTAL	\$1,091,930	\$584,196	\$0	\$507,734	\$0	7.5
INCREASE/(DECREASE)	\$18,628	\$7,093	\$0	\$11,535	\$0	0.0
Percentage Change	1.7%	1.2%	0.0%	2.3%	0.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$1,091,930	\$584,196	\$0	\$507,734	\$0	7.5
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

WORKFORCE IMPROVEMENT GRANTS

Workforce improvement grants are federal and private grants awarded to the Workforce Development Council for the creation of workforce development activities. These are typically directed toward special populations (youth, disabled, veterans, etc.).

STATUTORY AUTHORITY: Pursuant Title 24, Article 46.3, C.R.S.

REQUEST: The Department requests an appropriation of \$55,000 federal funds, which represents a continuation level of funding.

RECOMMENDATION: The staff recommendation is shown below and includes an increase to \$1.0 million federal funds to align with anticipated federal grants. The state has received a \$1.0 million extension through FFY 2020 to increase the number and diversity of registered apprenticeships in Colorado. The State previously received \$1.8 million for this purpose.

DIVISION OF EMPLOYMENT AND TRAINING, WORKFORCE IMPROVEMENT GRANTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$55,000	\$0	\$0	\$0	\$55,000	0.0
TOTAL	\$55,000	\$0	\$0	\$0	\$55,000	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$55,000	\$0	\$0	\$0	\$55,000	0.0
Informational funds adjustment	945,000	0	0	0	945,000	0.0
TOTAL	\$1,000,000	\$0	\$0	\$0	\$1,000,000	0.0
INCREASE/(DECREASE)	\$945,000	\$0	\$0	\$0	\$945,000	0.0
Percentage Change	1,718.2%	0.0%	0.0%	0.0%	1,718.2%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$55,000	\$0	\$0	\$0	\$55,000	0.0
Request Above/(Below) Recommendation	(\$945,000)	\$0	\$0	\$0	(\$945,000)	0.0

INNOVATIVE INDUSTRY WORKFORCE DEVELOPMENT PROGRAM

Created through passage of H.B. 15-1230 (Innovative Industry Workforce Development Program), this program incentivizes business by reimbursing up to \$5,000 per intern for 130 hours of work in experiential work-based learning opportunities. The program also contracts up to \$10,000 per industry

intermediary to provide support in the areas of marketing, application review, industry support, and program development for its industry partners in advanced manufacturing, energy and natural resources, information technology, aerospace, engineering, bioscience, construction, and electronics.

The Department reports that the program has been very successful, with significantly more demand than funding available, many interns receiving permanent employment as a result of the program, and many businesses expressing interest in launching apprenticeships as a result of their involvement with the program.

During the 2018 legislative session, JBC staff raised concerns about whether the program should be modified, given a relatively high per-student cost and participation that is disproportionately weighted to male students at the University of Colorado, Colorado State University, and Colorado School of Mines. In fall 2018, the Department responded to a Committee request for information that addressed this issue and other questions about the program's impact and future. The response noted that the program was making particular outreach efforts to underrepresented students and noted that this was only one of an array of work-based learning initiatives at the state. The Department also noted that Senate Bill 18-042 replicated this program to focus on agriculture through the Department of Agriculture. *In the Department's report, it recommended that the agriculture program be implemented for two years and evaluated to determine if the model is shown to be effective in other industries. If so then an expansion in scope and funding is recommended. Staff presumes that related legislation, if warranted, would be introduced during the 2020 legislative session.*

To ensure this program aligns with the State's Higher Education Master Plan goals, staff encourages the program to continue to focus outreach efforts on students who might not otherwise have access to paid internships in innovative industries. This includes low-income and first-generation students attending less prestigious higher education institutions.

	PY 2016-17	PY 2017-18	Cumulative
# of internships <u>spots</u> approved	208 ²	130 ³	338
# of businesses denied	25	53	78
# of interns approved	231 ⁴	110	334
# of Veterans completed internships	14	4	18
Completed internships	181	110	284
Businesses under 100 employees	116	88	150
Businesses with 100+ employees	15	21	36
Average hourly wage	\$14.59	\$15.53	\$15.06
Number of interns hired as a result of internship	25 ⁵	27	52

STATUTORY AUTHORITY: Pursuant to Section 8-83-103, C.R.S.

REQUEST: The Department requests an appropriation of \$602,852 General Fund and 1.3 FTE, including annualization of prior-year salary survey funding.

RECOMMENDATION: **Staff recommends approval of the request, as reflected in the table below.**

DIVISION OF EMPLOYMENT AND TRAINING, INNOVATIVE INDUSTRY WORKFORCE DEVELOPMENT						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$599,864	\$599,864	\$0	\$0	\$0	1.3
TOTAL	\$599,864	\$599,864	\$0	\$0	\$0	1.3
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$599,864	\$599,864	\$0	\$0	\$0	1.3
Annualize prior year budget actions	2,988	2,988	0	0	0	0.0
TOTAL	\$602,852	\$602,852	\$0	\$0	\$0	1.3
INCREASE/(DECREASE)	\$2,988	\$2,988	\$0	\$0	\$0	0.0
Percentage Change	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$602,852	\$602,852	\$0	\$0	\$0	1.3
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

COLORADO VETERANS' SERVICE-TO-CAREER ~~PILOT~~ PROGRAM

House Bill 16-1267 (Lee and Fields/Carroll and Woods) required CDLE to develop a grant program to which workforce centers could apply to enhance workforce center services for veterans that were not available under the federal Workforce Innovation and Opportunity Act. The bill specified that workforce centers “may contract with a nonprofit agency to administer the program” and specified that, “in selecting workforce centers to administer the program, the Department shall give preference to a workforce center that partners with a nonprofit agency that is an integrated service and support center for veterans and their families.” The program was reauthorized with modifications under H.B. 18-1343 (Lee and Carver/Lambert and Todd). This bill:

- extends the program's January 1, 2019, repeal date, until January 1, 2024;
- expands eligibility for program services to include veterans, veterans' spouses, persons actively serving in the U.S. Armed Forces and within six months of discharge, or a member of the National Guard or military reserves who has completed initial entry training;
- adjusts the allowable administrative overhead for certain expenses incurred by the CDLE;
- requires that the CDLE develop an evaluation methodology to measure program outcomes and effectiveness prior to initiating the bid process for awarding grants; and
- clarifies and defines terms.

The bill included a \$1,000,000 appropriation from the Marijuana Tax Cash Fund (MTCF) in FY 2018-19. Grants of \$75,000 to \$350,000 were awarded to workforce centers in five counties.

STATUTORY AUTHORITY: Pursuant to Section 8-14.3-203, C.R.S.

REQUEST: The fiscal note anticipated that appropriations would be used over a period of two years (through FY 2019-20), and the bill included provisions allowing for roll-forward of unspent funds. The Department did not submit a related request for funding in FY 2019-20.

RECOMMENDATION: Consistent with the request, staff does not recommend an appropriation for this line item for FY 2019-20. Staff anticipates that the Department may seek additional funding in FY 2020-21, depending upon the impact of the program.

SKILLED WORKERS OUTREACH, RECRUITMENT AND KEY TRAINING PROGRAM

House Bill 15-1275 (Pabon & Williams/Cooke and Health) created the Skilled Worker Outreach, Recruitment and Training grant (WORK Act). The bill authorized \$10,000,000 General Fund for marketing and updating training programs to meet industry standards and need for skilled workers. Related appropriations were spread over three years (FY 2015-16, FY 2016-17, and FY 2017-18). Spending authority for previously appropriated amounts was extended through H.B. 17-1357. The program was extended in H.B. 18-1316 for an additional three years. The bill included a \$1,000,000 General Fund appropriation in FY 2018-19 and requires appropriations of \$3,300,000 General Fund in FY 2019-20 and FY 2020-21.

Partnering with business and industry to determine critical workforce needs, the program awards matching grants to eligible applicants to engage in outreach and recruitment efforts to increase enrollment in and completion of skilled worker training programs, provide such training, or both. Eligible applicants include a government or non-government entity that offers or plans to offer a skilled worker training program and has partnered with industry sectors. A training program must be an accredited educational training program, occupational education training, program, apprenticeship or similar training program. The program does not include funding for bachelor's or higher degrees.

H.B. 18-1316 required that two-thirds of funds must be granted to entities that had received funding in a prior year, while one-third must be for new applicants.

In Cycle 2 (May 2017 to June 2018) eight grantees were awarded \$3.2 million. A total of 5,899 students were actively recruited, 2,402 completed trainings ranging from 4 week to 6 month programs, and 1,175 completers were employed.

This line item includes spending authority for the program from the Skilled Worker Outreach, Recruitment, and Key Training Fund. In most years, amounts are reappropriated funds, as this line item double-counts General Fund appropriated into the Fund.

STATUTORY AUTHORITY: Pursuant to Section 8-83-304, C.R.S.

REQUEST: The Department requests an appropriation of \$5,605,284 total funds and 2.0 FTE in this line item, including \$2,300,000 General Fund and \$3,305,284 reappropriated funds.

RECOMMENDATION: The staff recommendation corrects technical errors in the request. The request correctly included \$3,300,000 General Fund for this program, but the amounts and funding sources were not correct in all line items. In this line item, spending authority from the cash fund--\$3,300,000 reappropriated funds and 2.0 FTE--should be reflected for FY 2019-20.

DIVISION OF EMPLOYMENT AND TRAINING, SKILLED WORKER OUTREACH, RECRUITMENT AND TRAINING PROGRAM

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$5,000,000	\$0	\$5,000,000	\$0	\$0	2.0
Other legislation	1,000,000	0	0	1,000,000	0	0.0
TOTAL	\$6,000,000	\$0	\$5,000,000	\$1,000,000	\$0	2.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$6,000,000	\$0	\$5,000,000	\$1,000,000	\$0	2.0
Annualize prior year budget actions	0	0	0	0	0	0.0
Informational funds adjustment	(2,700,000)	0	(5,000,000)	2,300,000	0	0.0
TOTAL	\$3,300,000	\$0	\$0	\$3,300,000	\$0	2.0
INCREASE/(DECREASE)	(\$2,700,000)	\$0	(\$5,000,000)	\$2,300,000	\$0	0.0
Percentage Change	(45.0%)	n/a	(100.0%)	230.0%	n/a	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$5,605,284	\$2,300,000	\$0	\$3,305,284	\$0	2.0
Request Above/(Below)						
Recommendation	\$2,305,284	\$2,300,000	\$0	\$5,284	\$0	0.0

APPROPRIATION TO THE SKILLED WORKERS OUTREACH, RECRUITMENT, AND KEY TRAINING PROGRAM FUND

This line item provides a General Fund appropriation to the Skilled Workers Outreach, Recruitment, and Key Training Program Fund.

STATUTORY AUTHORITY: Pursuant to Section 8-83-304, C.R.S.

REQUEST: Due to a technical error, the Department reflected a request of only \$1,000,000 General Fund in this line item.

RECOMMENDATION: **The staff recommendation, which follows the program's statutory requirement, is below.**

DIVISION OF EMPLOYMENT AND TRAINING, APPROPRIATION TO THE SKILLED WORKER OUTREACH AND KEY TRAINING PROGRAM FUND

	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
Other legislation	\$1,000,000	\$1,000,000	\$0	\$0	\$0	0.0
H.B. 18-1322 (Long Bill)	0	0	0	0	0	0.0
TOTAL	\$1,000,000	\$1,000,000	\$0	\$0	\$0	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$1,000,000	\$1,000,000	\$0	\$0	\$0	0.0
Informational funds adjustment	2,300,000	2,300,000	0	0	0	0.0
TOTAL	\$3,300,000	\$3,300,000	\$0	\$0	\$0	0.0
INCREASE/(DECREASE)	\$2,300,000	\$2,300,000	\$0	\$0	\$0	0.0
Percentage Change	230.0%	230.0%	0.0%	0.0%	0.0%	0.0%

DIVISION OF EMPLOYMENT AND TRAINING, APPROPRIATION TO THE SKILLED WORKER OUTREACH AND KEY TRAINING PROGRAM FUND						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 EXECUTIVE REQUEST	\$1,000,000	\$1,000,000	\$0	\$0	\$0	0.0
Request Above/(Below)						
Recommendation	(\$2,300,000)	(\$2,300,000)	\$0	\$0	\$0	0.0

HOSPITALITY EDUCATION GRANT PROGRAM

Senate Bill 14-015 (Hospitality Career Education Grant Program) created the hospitality career secondary education grant program in CDLE. The program awards grants to increase the number and quality of hospitality programs operating in schools beginning FY 2015-16 academic year. This line supports program development, grant administration, and grant awards to hospitality programs.

STATUTORY AUTHORITY: Pursuant to Sections 24-46.3-201, C.R.S., *et seq.*

REQUEST: The Department requests a continuation appropriation of \$399,852 General Fund and 0.5 FTE, which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends approval of the request for a continuation level of \$399,852 General Fund and 0.5 FTE.**

DIVISION OF EMPLOYMENT AND TRAINING, HOSPITALITY EDUCATION GRANT PROGRAM						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$399,852	\$399,852	\$0	\$0	\$0	0.5
TOTAL	\$399,852	\$399,852	\$0	\$0	\$0	0.5
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$399,852	\$399,852	\$0	\$0	\$0	0.5
Annualize prior year budget actions	1,031	1,031	0	0	0	0.0
TOTAL	\$400,883	\$400,883	\$0	\$0	\$0	0.5
INCREASE/(DECREASE)	\$1,031	\$1,031	\$0	\$0	\$0	0.0
Percentage Change	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$400,883	\$400,883	\$0	\$0	\$0	0.5
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

VETERANS PILOT PROGRAM

House Bill 15-1030 (Veterans Pilot Program) created the Veterans Pilot Program in the Department and requires it to review periodic reports from the contractor selected for the pilot program. The program provided veteran services related to job retention, mediation with employers, mentoring, and career counseling. The General Assembly discontinued the program effective June 30, 2017.

STATUTORY AUTHORITY: Previously authorized pursuant to Sections 8-14.3-101, C.R.S., *et seq.*

REQUEST: The Department did not request funding for this program, which was discontinued.

RECOMMENDATION: **Staff does not recommend funding for this program.** There is no longer statutory authorization.

(4) DIVISION OF LABOR STANDARDS AND STATISTICS

This line item group administers Colorado employment and labor laws pertaining to wages paid, hours worked, minimum wage, labor standards, child labor, employment-related immigration laws, and working conditions. The Division of Labor also conducts all-union agreement elections, elections to certify or decertify collective bargaining agreements, certifications of all-union provisions in the building and construction trades industries, and investigates and mediates allegations of unfair labor practices. The Labor Market Information (LMI) section provides information on employment trends across the state, unemployment numbers, and job growth information. LMI works with state and county one-stop centers to provide relevant training classes in fields that are growing or have potential long-term growth in Colorado.

DIVISION OF LABOR STANDARDS AND STATISTICS					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 Appropriation					
H.B. 18-1322 (Long Bill)	\$4,094,954	\$607,823	\$1,303,544	\$2,183,587	56.1
TOTAL	\$4,094,954	\$607,823	\$1,303,544	\$2,183,587	56.1
FY 2019-20 RECOMMENDED APPROPRIATION					
FY 2018-19 Appropriation	\$4,094,954	\$607,823	\$1,303,544	\$2,183,587	56.1
R3 Division of Labor Standards and Statistics claims system	34,802	0	34,802	0	0.0
Annualize prior year legislation	10,113	0	10,113	0	0.0
Annualize prior year budget actions	98,876	20,350	23,334	55,192	0.0
TOTAL	\$4,238,745	\$628,173	\$1,371,793	\$2,238,779	56.1
INCREASE/(DECREASE)	\$143,791	\$20,350	\$68,249	\$55,192	0.0
Percentage Change	3.5%	3.3%	5.2%	2.5%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$4,238,745	\$628,173	\$1,371,793	\$2,238,779	56.1
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

DECISION ITEMS - DIVISION OF LABOR STANDARDS AND STATISTICS

→ R3 DIVISION OF LABOR STANDARDS AND STATISTICS CLAIMS SYSTEM

REQUEST: The Department requests an increase of \$30,180 cash funds from the Employment Support Fund for software licenses and subscription costs for the new Labor Standards Claims System. The Labor Standards section is responsible for assisting Colorado employees in recovering earned compensation from employers who violate labor laws. The staff of 28 is responsible for investigating approximately 3,500 complaints and responding to 2,000 emails and 40,000 calls per year. In FY 2017-18, the Division internally funded (through vacancy savings) a \$206,000 project to migrate its five older software systems to a centralized database. The database uses the Salesforce platform and integrates with other software tools. The software allows investigators to review and create needed documents and enables employees and employers to submit documentation on line, check the status of claims, and correspond with the Division by text message. The Department requests that funding continue at this level in future years.

RECOMMENDATION: Staff recommends the request for \$30,180 cash funds from the Employment Support Fund, ongoing.

- The project was identified as part of the Department’s “mission critical technology debt” in its 5 year IT roadmap, and OIT recommended the project.
- The Department has successfully adopted the Salesforce platform for various programs.
- Revenue to the Employment Support Fund should be sufficient to accommodate this modest increase. Permitted revenue to the ESF is over \$30 million per year and incorporates an annual inflationary adjustment.

LINE ITEM DETAIL - DIVISION OF LABOR STANDARDS AND STATISTICS

LABOR STANDARDS PROGRAM COSTS

This line item funds the personal services and operating expenses for the Labor program section of the division.

STATUTORY AUTHORITY: Pursuant to Title 8, Articles 1 through 6, and Article 12, C.R.S. and Section 26-2-715, C.R.S.

REQUEST: The Department requests an appropriation of \$1,999,966 total funds, including \$628,173 General Fund, \$2,371,793 cash funds, and 25.8 FTE. The total includes annualizing salary survey awarded in FY 2018-19, annualizing S.B. 18-200 (PERA), and R3 Division of Labor Standards and Statistics Claims System.

RECOMMENDATION: Staff recommends approval of the request, as reflected in the table below.

DIVISION OF LABOR STANDARDS AND STATISTICS, LABOR STANDARDS, LABOR PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$1,911,367	\$607,823	\$1,303,544	\$0	\$0	25.8
TOTAL	\$1,911,367	\$607,823	\$1,303,544	\$0	\$0	25.8
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$1,911,367	\$607,823	\$1,303,544	\$0	\$0	25.8
Annualize prior year budget actions	43,684	20,350	23,334	0	0	0.0
R3 Division of Labor Standards and Statistics claims system	34,802	0	34,802	0	0	0.0
Annualize prior year legislation	10,113	0	10,113	0	0	0.0
TOTAL	\$1,999,966	\$628,173	\$1,371,793	\$0	\$0	25.8
INCREASE/(DECREASE)	\$88,599	\$20,350	\$68,249	\$0	\$0	0.0
Percentage Change	4.6%	3.3%	5.2%	n/a	n/a	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$1,999,966	\$628,173	\$1,371,793	\$0	\$0	25.8
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

LABOR MARKET INFORMATION PROGRAM COSTS

This line item provides funding for the personal services and operating expenses associated with the Labor Market Information program. It supports federally funded programs that track the Colorado economy by measuring activity within the workforce. It serves as a statistical clearinghouse for all sectors of the economy. The program is federally funded.

STATUTORY AUTHORITY: Pursuant to Sections 24-1-136, 8-71-107, 8-72-106, and 8-72-107, C.R.S.

REQUEST: The Department requests an appropriation of \$2,238,779 federal funds, including annualization of salary survey awarded in FY 2018-19.

RECOMMENDATION: **Staff recommends the request, as reflected in the table below.**

DIVISION OF LABOR STANDARDS AND STATISTICS, LABOR STATISTICS, LABOR MARKET INFORMATION PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$2,183,587	\$0	\$0	\$0	\$2,183,587	30.3
TOTAL	\$2,183,587	\$0	\$0	\$0	\$2,183,587	30.3
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$2,183,587	\$0	\$0	\$0	\$2,183,587	30.3
Annualize prior year budget actions	55,192	0	0	0	55,192	0.0
TOTAL	\$2,238,779	\$0	\$0	\$0	\$2,238,779	30.3
INCREASE/(DECREASE)	\$55,192	\$0	\$0	\$0	\$55,192	0.0
Percentage Change	2.5%	n/a	n/a	n/a	2.5%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$2,238,779	\$0	\$0	\$0	\$2,238,779	30.3
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

(5) DIVISION OF OIL AND PUBLIC SAFETY

The Division of Oil and Public Safety is responsible for a variety of regulatory functions related to environmental protection, public safety, and consumer protection. Included in its duties are rulemaking and enforcing rules, regulations, and statutes that govern amusement rides, explosives, boilers, conveyances, fuel products (gas and compressed natural gas), petroleum storage tanks, and cleanup of petroleum spills.

DIVISION OF OIL AND PUBLIC SAFETY						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 Appropriation						
H.B. 18-1322 (Long Bill)	\$6,005,867	\$0	\$5,277,128	\$19,318	\$709,421	68.0
Other legislation	69,054	69,054	0	0	0	0.8
TOTAL	\$6,074,921	\$69,054	\$5,277,128	\$19,318	\$709,421	68.8
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$6,074,921	\$69,054	\$5,277,128	\$19,318	\$709,421	68.8
R4 Division of Oil and Public Safety - Petroleum Program	50,000	0	50,000	0	0	0.0
Annualize prior year legislation	38,301	33,957	4,344	0	0	0.7
Annualize prior year budget actions	149,085	0	149,085	0	0	0.0
TOTAL	\$6,312,307	\$103,011	\$5,480,557	\$19,318	\$709,421	69.5
INCREASE/(DECREASE)	\$237,386	\$33,957	\$203,429	\$0	\$0	0.7
Percentage Change	3.9%	49.2%	3.9%	0.0%	0.0%	1.0%
FY 2019-20 EXECUTIVE REQUEST	\$6,312,307	\$103,011	\$5,480,557	\$19,318	\$709,421	69.5
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	(0.0)

DECISION ITEMS - DIVISION OF OIL AND PUBLIC SAFETY

→ R4 OIL AND PUBLIC SAFETY PETROLEUM PROGRAM

REQUEST: The Department requests \$50,000 cash funds from the Petroleum Storage Tank Fund to replace equipment and supplies for testing fuels. The agency tests the quality of petroleum pumped at gas stations to ensure fuels comply with legal requirements and are accurately labeled. Through a joint agreement with the Department of Public Health and Environment, the Division also conducts vapor monitoring to ensure that petroleum delivery carriers are capturing vapors when delivering fuel.

An average of 2,980 inspections are conducted each year. Some of these are in response to consumer complaints (averaging 175 per year). Over the past eight years, the number of gas stations and associated testing required has increased by 8.0 percent.

The Department's fuel testing equipment is aging and must be replaced, and supply costs have increased. The request is for an ongoing \$50,000 increase for this program. In the first two years, the Department will replace the Sulphur analyzer and vapor pressure analyzer (each estimated at \$26,400) and will address higher costs for waste disposal, helium, heptane, and other supplies (estimated at \$23,600 per year).

RECOMMENDATION: Staff recommends the request for an additional \$50,000 in spending authority from the Petroleum Storage Tank Fund.

ANALYSIS: As outlined in the request, the program is attempting to address problems with aging equipment and materials cost increases. The Department reports that key equipment is approaching end of life. The request notes that based on the Division's current budget, if a piece of machinery fails, the division does not have sufficient appropriations to purchase a replacement within the existing budget. The request also indicates that if the request is not approved and equipment fails, the Division may not be able to provide important consumer protections or provide the Colorado Department of Public Health and Environment necessary data.

The Petroleum Storage Tank Fund received revenue of \$40.3 million in FY 2017-18, with expenditures of \$34.3 million in the same year. The vast majority of expenditures from the Fund--for storage tank remediation and clean up--are continuously appropriated and not reflected in the Long Bill. However, Department administrative and inspection costs for this program **are** subject to annual appropriation.

Appropriations from the Fund totaled \$5,179,613 in FY 2018-19. The request thus represents an increase of less than 1.0 percent in related appropriations. The request indicates that current fees will not be increased to cover the request. Operators pay into the Fund for initial tank registration and pay per-tanker fees.

The Department has also submitted a capital IT request to replace the Colorado Storage Tank Information System (COSTIS; the State's database for tracking Petroleum Storage Tank information) including for \$2,172,516 from this fund (and \$612,761 from the Petroleum Cleanup and Redevelopment Fund) for FY 2019-20. Staff believes current revenues and fund balance should be sufficient to cover both requests. The Department has indicated that there will be no changes in revenue collections for affected funds.

➔ ANNUALIZATION S.B. 18-167 UNDERGROUND FACILITIES

S.B. 18-167 created the Underground Damage Prevention Safety Commission in the Department, making a variety of changes to the state's excavation laws for the purpose of improving enforcement and the operation of Colorado 811. When annualized in FY 2019-20, the bill was expected to require \$138,072 General Fund and 2.1 FTE, most of which is in this division.

The Department's FY 2019-20 request annualizes the FY 2018-19 appropriation consistent with the fiscal note in total. However, in the Division of Oil and Public Safety, the Department's request incorporates the costs associated with the legislation into existing personal services and operating expenses line items. **Staff instead recommends that for now the costs for the bill be included in a separate line item entitled Underground Damage Prevention Safety Commission.** This is the sole General Fund program in this division, and staff believes the program is sufficiently distinct that a separate line item is most appropriate.

→ CASH FUND WAIVER REQUEST - CONVEYANCE SAFETY FUND

BACKGROUND: Section 24-75-402, C.R.S. specifies that the uncommitted reserves of a cash fund at the conclusion of a given fiscal year is limited to 16.5 percent of the amount expended during the fiscal year, with specified exceptions. Pursuant to Section 24-75-402 (8), C.R.S., the JBC may grant a waiver of the maximum reserve for up to three years for an entity that demonstrates a specific purpose for which the entity needs to maintain greater uncommitted reserve. The JBC may establish an alternative reserve or exempt the fund altogether. The Department must present a plan for reducing any uncommitted reserves that may remain on completion of the waiver period.

REQUEST: On January 2, 2019, the Governor's Office requested a cash fund reserve waiver for the Conveyance Safety Fund created in Section 9-5.5-111, C.R.S. The request specified:

- The cash fund is funded through fees applied to conveyance owners for registration, construction permits, inspection certificates of conveyances (e.g. elevators and escalators), and licensing of industry professions.
- The Department is seeking a three-year waiver for the fund due to the irregular nature of fees collected.
- The Department cannot predict fee collection, as it is dependent upon how many new conveyance owners go through the registration and construction process each year.
- With a waiver, the Department can work with OSPB and JBC to use the Fund to review the fee structure to see if there are any adjustments that could be made to bring the fund into compliance.

RECOMMENDATION: **Staff recommends that the Committee authorize a waiver for this fund for a period three years, establishing an alternative reserve limit of \$1,500,000. *This is based on written assurance from the Department that it does not intend to modify fees prior to the program's sunset review.*** The program sunsets July 1, 2022.

- The Fund experiences changes in revenue and expenditure related to whether local jurisdictions choose to operate their own inspection programs or leave inspections to the State. These changes are beyond the Division's control and suggest the need for a greater reserve cushion than would be provided by the 16.5 percent reserve requirement.
- The Fund had a large fund balance but is now spending it down rapidly. The program indicates that it expects to exhaust the fund balance by the time the program sunsets July 1, 2022. It is likely that the program will extend beyond this date, so this may be too aggressive.
- If the JBC requires the program to comply with the existing limit on reserves, the program will spend down its reserves more quickly rather than reduce fees. The Department has indicated that this program faces workload challenges due to the rapid growth in development in Colorado. Thus, given a reserve limit, it would increase spending rather than decrease fees. While the JBC could attempt to force the program to reduce fees by restricting its spending authority from miscellaneous sources, staff is concerned about imposing excessive restrictions on a program created by the General Assembly to promote public safety.
- Staff anticipates that costs and benefits of the program, including possible changes to the fee structure, will be considered through the sunset review process during the 2021 session.

- Staff has received written assurance that there will be no fee increases prior to sunset review. Increases may be warranted by program needs. However, in the current TABOR refund posture, every \$1 revenue increase will drive a \$1 General Fund refund. Should the Department's position on this change, staff anticipates that the Department will proactively notify the Committee and further waiver changes may be considered at that time.
- Under its current spend-down path, the Department still projects a reserve of \$1.5 million in FY 2019-20. This will place it in violation of the statutory reserve limit requirement if no waiver is approved. Staff anticipates that the reserve may fall below this level in the subsequent two years. However, if the Committee approves the waiver, this will be driven by program needs and not the reserve requirement.

ADDITIONAL BACKGROUND: This program was created by the General Assembly in 2008 to ensure the safety of public conveyances such as elevators and escalators. There are approximately 22,000 regulated conveyances operating in Colorado. The Division directly oversees approximately 40 percent of these, and these entities pay fees to the Division. The Division delegates regulatory authority to local jurisdictions who oversee the remaining 60 percent. There are currently seven fees:

(1) Fees per conveyance paid by conveyance owners:

- One-time registration fee for every conveyance in Colorado (paid to the Division)
- Annual Certificate of Operation fees (paid to the jurisdiction having authority)
- Installation Permit fees (paid to the jurisdiction having authority)
- Alteration Permit fees (paid to the jurisdiction having authority)

(2) Fees for licensing paid by individuals to the Division:

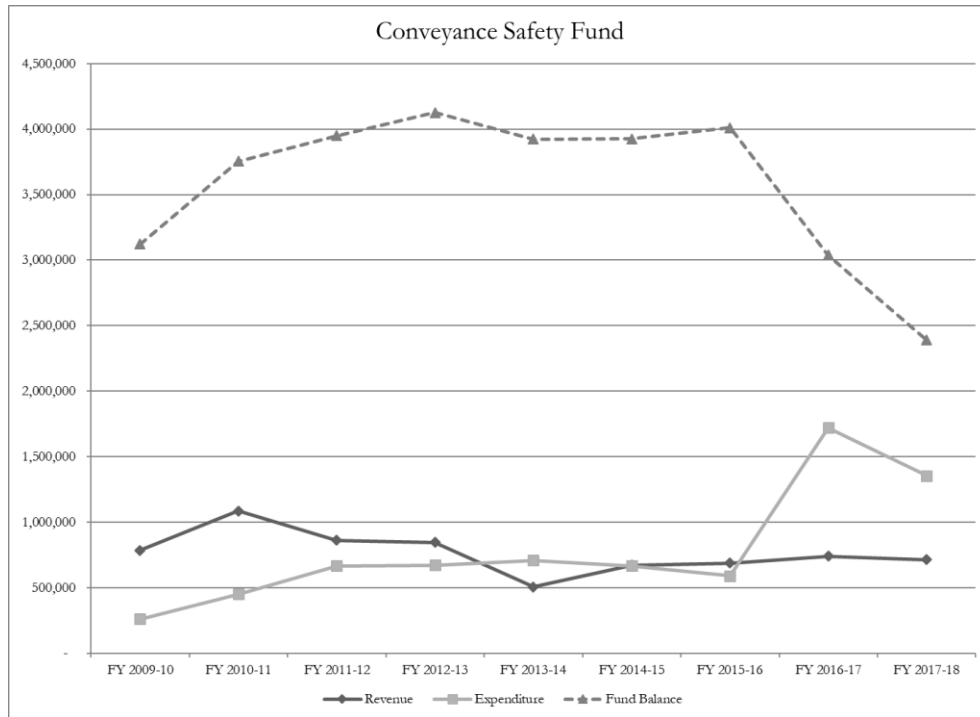
- Contractor License for each company installing or maintaining conveyances
- Inspector License for each individual inspecting a conveyance
- Mechanic License for each individual employed by a contractor and installing or maintaining conveyances

The table below shows the estimated annual fee revenue. In addition, the Department typically receives about \$100,000 in interest and fine revenue.

TYPE OF FEE	NUMBER OF FEES	AMOUNT OF FEE	TOTAL
Registration	870	\$200	\$174,000
Annual Certificate of Operation	7,450	\$30	\$223,500
Installation Permit	270	\$300	\$81,000
Alteration Permit	210	\$150	\$31,500
Contractor License	50	\$500	\$25,000
Inspector License	60	\$175	\$10,500
Mechanic License	475	\$125	\$59,375
Total			\$604,875

- The Department reports that it has maintained the same fees since the program was created in 2008. Staff has charted revenue, expenditure and fund balances since inception. Annual fee

revenue has ranged from \$450,000 to \$1.0 million. In recent years, revenue has been relatively steady, while expenditures have increased. Expenditures are driven in part by workload, since staff may shift among programs based on demand. Expenditures are also driven by one-time investments in tools or equipment. FY 2017-18 expenditures included a one-time appropriation of \$450,000 for a new information technology system.



- The program reports that it is slowly reducing its fund balance to target the current sunset data of July 1, 2022. It notes that the Fund was originally designed to be depleted at sunset. Over the last 18 months, the fund is depleting at a rate of approximately \$51,000 per month, which will result in a zero balance at the sunset date in July 1, 2022. While the Fund is on a depleting trend, it is likely that the need for the program will extend beyond 2022.
- The Division reports challenges related to the current workload. The rate of conveyance installation has increased 4 percent per year during the last three years. Additionally, three jurisdictions have chosen to relinquish their regulatory authority in the last three years and return their workload to the Division.

LINE ITEM DETAIL - DIVISION OF OIL AND PUBLIC SAFETY

PERSONAL SERVICES

This line item is responsible for a variety of regulatory functions related to public health and safety, including establishing and enforcing rules, regulations, and statutes, which govern carnival and amusement park rides, conveyances, explosives, boilers, retail fuel dispensers, underground and aboveground petroleum storage tanks, cleanup of oil spills, and reimbursement of cleanup costs to qualifying storage tank owners/operators.

The Long Bill includes appropriations for administrative costs. However, the majority of revenues and expenditures related to petroleum storage tank cleanup and redevelopment are off budget.

STATUTORY AUTHORITY: Pursuant to Sections 8-1-151, 8-20-101 through 8-20-904, 8-20.5-101 through 8-20.5-407, 9-4-101, et sec., 9-5.5-101, et seq., 9-7-101, et seq., and 22-32-124, C.R.S.

REQUEST: The Department requests an appropriation of \$5,504,698 total funds and 69.5 FTE, which includes annualization of salary survey awarded in FY 2018-19, annualization of S.B. 18-200 (PERA), and base costs and annualization for S.B. 18-167 (Underground Damage Safety Commission).

RECOMMENDATION: Staff recommends the request, with the exception that amounts for the Underground Damage Safety Commission have been included in a separate line item.

DIVISION OF OIL AND PUBLIC SAFETY, PERSONAL SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$5,264,534	\$0	\$4,680,816	\$19,318	\$564,400	68.0
TOTAL	\$5,264,534	\$0	\$4,680,816	\$19,318	\$564,400	68.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$5,264,534	\$0	\$4,680,816	\$19,318	\$564,400	68.0
Annualize prior year budget actions	149,085	0	149,085	0	0	0.0
Annualize prior year legislation	4,344	0	4,344	0	0	0.0
TOTAL	\$5,417,963	\$0	\$4,834,245	\$19,318	\$564,400	68.0
INCREASE/(DECREASE)	\$153,429	\$0	\$153,429	\$0	\$0	0.0
Percentage Change	2.9%	0.0%	3.3%	0.0%	0.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST						
Request Above/(Below)						
Recommendation	\$86,735	\$86,735	\$0	\$0	\$0	1.5

OPERATING EXPENSES

This line item provides funding for operating expenses of the division.

STATUTORY AUTHORITY: Pursuant to Sections 8-1-151, 8-20-101 through 8-20-904, 8-20.5-101 through 8-20.5-407, 9-4-101, et sec., 9-5.5-101, et seq., 9-7-101, et seq., and 22-32-124, C.R.S.

REQUEST: The Department requests an appropriation of \$807,609 total funds, including request R4 and base costs and annualization for S.B. 18-167 (Underground Damage Safety Commission).

RECOMMENDATION: Staff recommends the request, with the exception that amounts for the Underground Damage Safety Commission have been included in a separate line item.

DIVISION OF OIL AND PUBLIC SAFETY, OPERATING EXPENSES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE

DIVISION OF OIL AND PUBLIC SAFETY, OPERATING EXPENSES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$741,333	\$0	\$596,312	\$0	\$145,021	0.0
TOTAL	\$741,333	\$0	\$596,312	\$0	\$145,021	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$741,333	\$0	\$596,312	\$0	\$145,021	0.0
R4 Division of Oil and Public Safety - Petroleum Program	50,000	0	50,000	0	0	0.0
TOTAL	\$791,333	\$0	\$646,312	\$0	\$145,021	0.0
INCREASE/(DECREASE)	\$50,000	\$0	\$50,000	\$0	\$0	0.0
Percentage Change	6.7%	0.0%	8.4%	n/a	0.0%	n/a
FY 2019-20 EXECUTIVE REQUEST	\$807,609	\$16,276	\$646,312	\$0	\$145,021	0.0
Request Above/(Below) Recommendation	\$16,276	\$16,276	\$0	\$0	\$0	0.0

UNDERGROUND DAMAGE PREVENTION SAFETY COMMISSION

Senate Bill 18-167 created the Underground Damage Prevention Safety Commission as an independent agency within the Department of Labor and Employment. The Commission has rule making and enforcement authority regarding portions of the underground damage prevention law. This law requires a person, before conducting an excavation, to dial “811” to learn the location of underground facilities. The Commission is required to enter into a memorandum of understanding with the notification association to facilitate implementation and administration of the law. Effective January 1, 2021 all underground facility owners and operators are full members of the notification association.

STATUTORY AUTHORITY: Section 9-1.5-104.2, C.R.S.

REQUEST: The Department requested base funding and annualization for the Commission but included this in other line items.

RECOMMENDATION: **Staff recommends the same amount as the request, but recommends funding in this line item.**

DIVISION OF OIL AND PUBLIC SAFETY, UNDERGROUND DAMAGE SAFETY COMMISSION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
Other legislation	\$69,054	\$69,054	\$0	\$0	\$0	0.8
TOTAL	\$69,054	\$69,054	\$0	\$0	\$0	0.8
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$69,054	\$69,054	\$0	\$0	\$0	0.8
Annualize prior year legislation	33,957	33,957	0	0	0	0.7
TOTAL	\$103,011	\$103,011	\$0	\$0	\$0	1.5
INCREASE/(DECREASE)	\$33,957	\$33,957	\$0	\$0	\$0	0.7
Percentage Change	49.2%	49.2%	0.0%	0.0%	0.0%	87.5%

DIVISION OF OIL AND PUBLIC SAFETY, UNDERGROUND DAMAGE SAFETY COMMISSION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2019-20 EXECUTIVE REQUEST	\$0	\$0	\$0	\$0	\$0	0.0
Request Above/(Below)						
Recommendation	(\$103,011)	(\$103,011)	\$0	\$0	\$0	(1.5)

(6) DIVISION OF WORKERS' COMPENSATION

This program works to ensure quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers, with minimal litigation.

DIVISION OF WORKERS' COMPENSATION				
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FTE
FY 2018-19 Appropriation				
H.B. 18-1322 (Long Bill)	\$21,370,855	\$0	\$21,370,855	111.0
TOTAL	\$21,370,855	\$0	\$21,370,855	111.0
FY 2019-20 RECOMMENDED APPROPRIATION				
FY 2018-19 Appropriation	\$21,370,855	\$0	\$21,370,855	111.0
R2 Division of Workers Compensation Modernization Project	76,817	0	76,817	0.0
Centrally appropriated line items	562,742	0	562,742	0.0
Annualize prior year legislation	8,688	0	8,688	0.0
Annualize prior year budget actions	234,290	0	234,290	0.0
TOTAL	\$22,253,392	0	\$22,253,392	111.0
INCREASE/(DECREASE)	\$882,537	\$0	\$882,537	0.0
Percentage Change	4.1%	n/a	4.1%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$22,253,392	\$0	\$22,253,392	111.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

DECISION ITEMS - DIVISION OF WORKERS' COMPENSATION

→ R2 WORKERS' COMPENSATION MODERNIZATION PROJECT

REQUEST: The Department requests an increase of \$76,817 cash funds from the Workers' Compensation Cash Fund to support ongoing operating costs for the Workers' Compensation Claims Management System. The General Assembly appropriated \$5,932,500 in FY 2014-15 in the information technology capital budget to construct the new system and provided an extension to complete the project through FY 2017-18. The Division of Workers' Compensation regulates benefits provided to injured workers. The modernized platform has capacity to provide on-demand electronic information for any reported worker's compensation claim. Stakeholders who request this information include insurance adjusters, employers, attorneys, claimants, and state staff. The request funds annual software licenses and subscription costs required for the new system. The Department requests that funding continue at this level in future years.

RECOMMENDATION: Staff recommends the request for \$76,817 cash funds from the Workers' Compensation Cash Fund, ongoing in future years, for software licenses for the new Workers' Compensation Claims management System.

ANALYSIS: This system stores approximately 4 million claims, and approximately 1,500 total people/entities use the system including internal employees, OIT users, and insurance carrier staff.

Beginning in 2014, the Department began a multi-year project to modernize the worker's compensation information technology system. This involved migrating from legacy systems to a web-enabled Java/SQL platform in October 2015. This was followed by a modernization phase that redesigned user-interface screens to accommodate the Division's current business needs. The Department is continuing customization in FY 2018-19 and future years through the Office of Information Technology.

Software licenses are a critical element in ongoing system operations, maintenance, and upgrade processes. The request identifies the four licenses/subscriptions required and associated costs (Maxenso Applications Builder, Live-Cycle Manager, and Enterprise Engine, and Atlassian Jira Version 6 and 7). The request provides for 25 licenses.

→ CASH FUND WAIVER REQUEST - WORKER'S COMPENSATION COST CONTAINMENT FUND

BACKGROUND: Section 24-75-402, C.R.S. specifies that the uncommitted reserves of a cash fund at the conclusion of a given fiscal year is limited to 16.5 percent of the amount expended during the fiscal year, with specified exceptions. Pursuant to Section 24-75-402 (8), C.R.S., the JBC may grant a waiver of the maximum reserve for up to three years for an entity that demonstrates a specific purpose for which the entity needs to maintain greater uncommitted reserve. The JBC may establish an alternative reserve or exempt the fund altogether. The Department must present a plan for reducing any uncommitted reserves that may remain on completion of the waiver period.

REQUEST: On January 2, 2019, the Governor's Office requested a cash fund reserve waiver for the Worker's Compensation Cost Containment Fund authorized in Sections 8-14.5-108 and 8-44-112 (1)(b)(I), C.R.S.. The request was for a one-year waiver in FY 2018-19. The letter from the Governor's Office indicated that the fee for this program is set in statute and suggested that, after FY 2018-19, the issue could be addressed by the Controller's Office. *Staff subsequently determined that this information was incorrect.* Pursuant to Section 8-44-112 (1)(b)(I), C.R.S. the fee is "not to exceed three-hundredths of one percent", i.e., it is not actually fixed in statute and could be lowered. The program is therefore subject to the statutory reserve limit.

Based on responses to staff requests, the Department has clarified its request is as follows:

- The Department seeks a waiver to the reserve requirement for the Worker's Compensation Premium Cost Containment Fund.
- This is one of four funds that receive revenue from a surcharge on workers' compensation premiums. The Division does not control the size or number of insurance premiums. Therefore, revenue to the Fund fluctuates for reasons that are beyond the Division's control.
- During the 2018 legislative session, the JBC sponsored H.B. 18-1429 to exempt from the maximum reserve limit the three other funds that receive revenue from the surcharge on workers' compensation premiums. However, this fund was omitted due to a technical oversight. The Fund represents only 3.0 percent of total surcharge revenue.
- In light of this, the Department is requesting that the Committee grant a waiver to the maximum reserve requirement for this Fund.

RECOMMENDATION: Staff recommends that the Committee sponsor legislation to add this fund to the list of funds exempted from the reserve limit or authorize a three-year exemption pending a statutory change. As noted above, due to an oversight, this fund was not included in H.B. 18-1429, which removed the other workers' compensation surcharge funds from the reserve requirement.

Table 1: Worker's Compensation Surcharge Revenue

Fund Name	Statute	Percent of Surcharge Revenue	Exempt from the Cash Fund Maximum Reserve
Worker's Compensation Major Medical Fund (Fund 4170)	8-46-102	24%	Yes; Exempt per 8-46-102 (2)(a)(I)
Worker's Compensation Subsequent Injury Fund (Fund 4160)	8-46-102		Yes; Exempt per 8-46-102 (2)(a)(I)
Workers' Compensation Cash Fund (Fund 1420)	8-44-112	74%	Yes; Exempt per 8-44-112 (7)(d)
Workers' Compensation Premium Cost Containment Fund (Fund 1430)	8-14.5-108, 8-44-112	3%	No; requesting exemption

In FY 2017-18, revenue into the Workers' Compensation Premium Cost Containment Fund was \$460,577 and expenditures were \$299,418. The end of year fund balance was \$1,571,257.

ADDITIONAL BACKGROUND: Through 2009, the combined surcharge rate on workers' compensation premiums was 3.788 percent. The combined surcharge was then progressively lowered due to various statutory changes. In 2016, the Department dropped the sum of these surcharges to a historically low level of 0.6 percent, as it sought to limit reserves in the Workers' Compensation Cash Fund to 16.5 percent. The Department then increased the combined surcharges in 2018 to 1.0 percent to support annual expenditures. *The Department reported that to comply with the 16.5 percent reserve requirement it had to adjust rates up and down on a regular basis, and insurance companies paying the surcharge disliked this volatility.*

(A) WORKERS COMPENSATION

This program works to ensure quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers, with minimal litigation. This subdivision enforces the State's workers' compensation rules and ensures that insurance carriers and self-insured employers are in compliance. The primary source of cash funds is the Workers' Compensation Cash Fund, which is funded by an employer paid surcharge on workers' compensation insurance premiums.

LINE ITEM DETAIL – (A) WORKERS' COMPENSATION

PERSONAL SERVICES

This line item funds salaries of staff who oversee the administration of the Workers' Compensation laws in Colorado.

STATUTORY AUTHORITY: Pursuant Title 8, Articles 40 through 44 and 46 through 47, and Sections 8-14.5-101, *et seq.*, C.R.S.

REQUEST: The Department requests an appropriation of \$7,768,285 cash funds and 95.0 FTE, including annualizing salary survey awarded in FY 2018-19 and annualization of S.B. 18-200 (PERA)

RECOMMENDATION: Staff recommends approval of the request, as reflected in the table below.

DIVISION OF WORKERS' COMPENSATION, WORKERS' COMPENSATION, PERSONAL SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$7,551,736	\$0	\$7,551,736	\$0	\$0	95.0
TOTAL	\$7,551,736	\$0	\$7,551,736	\$0	\$0	95.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$7,551,736	\$0	\$7,551,736	\$0	\$0	95.0
Annualize prior year budget actions	207,861	0	207,861	0	0	0.0
Annualize prior year legislation	8,688	0	8,688	0	0	0.0
TOTAL	\$7,768,285	\$0	\$7,768,285	\$0	\$0	95.0
INCREASE/(DECREASE)	\$216,549	\$0	\$216,549	\$0	\$0	0.0
Percentage Change	2.9%	n/a	2.9%	n/a	n/a	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$7,768,285	\$0	\$7,768,285	\$0	\$0	95.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

OPERATING EXPENSES

This line item funds the operating expenses for administration of the Workers' Compensation laws in Colorado.

STATUTORY AUTHORITY: Pursuant to Title 8, Articles 40 through 44 and 46 through 47, and Sections 8-14.5-101, *et seq.*, C.R.S.

REQUEST: The Department requests \$659,145 cash funds, including an increase for R2 Workers' Compensation Modernization Project

RECOMMENDATION: Staff recommends approval of the request, as reflected in the table below.

DIVISION OF WORKERS' COMPENSATION, WORKERS' COMPENSATION, OPERATING EXPENSES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$582,328	\$0	\$582,328	\$0	\$0	0.0
TOTAL	\$582,328	\$0	\$582,328	\$0	\$0	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$582,328	\$0	\$582,328	\$0	\$0	0.0
R2 Division of Workers Compensation Modernization Project	76,817	0	76,817	0	0	0.0
TOTAL	\$659,145	\$0	\$659,145	\$0	\$0	0.0

DIVISION OF WORKERS' COMPENSATION, WORKERS' COMPENSATION, OPERATING EXPENSES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
INCREASE/(DECREASE)	\$76,817	\$0	\$76,817	\$0	\$0	0.0
Percentage Change	13.2%	0.0%	13.2%	0.0%	0.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$659,145	\$0	\$659,145	\$0	\$0	0.0
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

ADMINISTRATIVE LAW JUDGE SERVICES

This line item is used to purchase administrative law services from the Department of Personnel.

STATUTORY AUTHORITY: Pursuant to Section 24-31-101 (1) (a), C.R.S., and defined in Section 24-75-112 (1)(i), C.R.S.

REQUEST: The Department requests an appropriation of \$4,160,010 cash funds. This includes a proposed common policy increase of \$562,742 cash funds.

RECOMMENDATION: **The dollar amount is pending the Committee's decision for FY 2019-10 common policies.** Staff requests permission to reflect the Committee's decision in the appropriation for this line item and permission to work with the Department to adjust funding sources as needed.

DIVISION OF WORKERS' COMPENSATION, WORKERS' COMPENSATION, ADMINISTRATIVE LAW JUDGE SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$3,597,268	\$0	\$3,597,268	\$0	\$0	0.0
TOTAL	\$3,597,268	\$0	\$3,597,268	\$0	\$0	0.0
FY 2019-20 REQUESTED APPROPRIATION						
FY 2018-19 Appropriation	\$3,597,268	\$0	\$3,597,268	\$0	\$0	0.0
Centrally appropriated line items	562,742	0	562,742	0	0	0.0
TOTAL	\$4,160,010	\$0	\$4,160,010	\$0	\$0	0.0
INCREASE/(DECREASE)	\$562,742	\$0	\$562,742	\$0	\$0	0.0
Percentage Change	15.6%	0.0%	15.6%	0.0%	0.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$4,160,010	\$0	\$4,160,010	\$0	\$0	0.0
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

PHYSICIANS ACCREDITATION

This line item funds the physicians' accreditation training program, which trains and accredits physicians to work on workers' compensation claims. Physicians seeking accreditation pay a fee, which is deposited into the Physician Accreditation Cash Fund. Currently accredited physicians also use the program to stay current on approved workers' compensation policies and treatment plans. Pursuant

to Section 8-42-101 (3.6) (I), C.R.S., these funds are continuously appropriated and are included for informational purposes only.

STATUTORY AUTHORITY: Pursuant to Section 8-42-101, C.R.S.

REQUEST: The Department requests an appropriation of \$120,000 cash funds, which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends approval of the request for a continuation level of \$120,000 cash funds shown for informational purposes.**

UTILIZATION REVIEW

This line item funds Department reviews of an independent physician's treatment of workers' compensation claimants. Any party involved with a claim can request reviews. The program is continuously appropriated moneys from the Utilization Review Cash Fund, which is funded by fees paid by the requesting party pursuant to Section 8-43-501 (2) (a), C.R.S. The appropriation is included in the Long Bill for informational purposes.

STATUTORY AUTHORITY: Pursuant to Section 8-43-501, C.R.S.

REQUEST: The Department requests an appropriation of \$35,000 cash funds, which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends approval of the request for a continuation level of \$35,000 cash funds shown for informational purposes.**

IMMEDIATE PAYMENT

These funds are used to pay workers' compensation claims brought against bankrupt employers who were self-insured. The program is funded with an assessment imposed by the Department on each self-insured employer. This line item is continuously appropriated from the Immediate Payment Fund pursuant to Section 8-44-206 (3)(b)(I), C.R.S. The appropriation is included in the Long Bill for informational purposes.

STATUTORY AUTHORITY: Pursuant to Section 8-44-206, C.R.S.

REQUEST: The Department requests an appropriation of \$1,000 cash funds, which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends approval of the request for a continuation level of \$1,000 cash funds shown for informational purposes.**

(B) MAJOR MEDICAL INSURANCE AND SUBSEQUENT INJURY FUNDS

The Major Medical Insurance Fund and the Subsequent Injury Fund receive revenues from the workers' compensation premium surcharge to cover claimants with approved injuries, sustained before 1981 and 1994 respectively.

LINE ITEM DETAIL – (B) MAJOR MEDICAL INSURANCE AND SUBSEQUENT INJURY FUNDS

PERSONAL SERVICES

This line item provides funding to support personal services expenditures within the subdivision.

STATUTORY AUTHORITY: Pursuant to Sections 8-46-101 and 8-46-202, C.R.S.

REQUEST: The Department requests an appropriation of \$1,404,644 cash funds and 16.0 FTE, including annualization of salary survey awarded in FY 2018-19.

RECOMMENDATION: **Staff recommends approval of the request, as reflected in the table below.**

DIVISION OF WORKERS' COMPENSATION, MAJOR MEDICAL INSURANCE AND SUBSEQUENT INJURY FUNDS, PERSONAL SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$1,378,215	\$0	\$1,378,215	\$0	\$0	16.0
TOTAL	\$1,378,215	\$0	\$1,378,215	\$0	\$0	16.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$1,378,215	\$0	\$1,378,215	\$0	\$0	16.0
Annualize prior year budget actions	26,429	0	26,429	0	0	0.0
TOTAL	\$1,404,644	\$0	\$1,404,644	\$0	\$0	16.0
INCREASE/(DECREASE)	\$26,429	\$0	\$26,429	\$0	\$0	0.0
Percentage Change	1.9%	0.0%	1.9%	0.0%	0.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$1,404,644	\$0	\$1,404,644	\$0	\$0	16.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

OPERATING EXPENSES

This line item provides funding for operating expenses of the subdivision.

STATUTORY AUTHORITY: Pursuant to Sections 8-46-101 and 8-46-202, C.R.S.

REQUEST: The Department requests an appropriation of \$88,324 cash funds, which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends approval of the request for a continuation level of \$88,324 cash funds.**

MAJOR MEDICAL BENEFITS

The Major Medical Insurance Fund (MMIF) was established in 1971 to provide unlimited benefits to industrial workers who had sustained catastrophic injuries. Claims are approved for individuals who sustained qualified injuries from 1971 to 1981. Expenses fluctuate each year depending on the specific medical treatments required by clients. Funds are continuously appropriated pursuant to Section 8-46-202 (1) (c), C.R.S. The appropriation is included in the Long Bill for informational purposes.

STATUTORY AUTHORITY: Pursuant to Section 8-46-202, C.R.S.

REQUEST: The Department requests an appropriation of \$6,000,000 cash funds, which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends approval of the request for a continuation level of \$6,000,000 cash funds shown for informational purposes.**

MAJOR MEDICAL LEGAL SERVICES

This line item is used to purchase legal services from the Department of Law for any of the following purposes: to defend a decision to deny a claimant's eligibility request or denial of certain medical benefits; to defend the program in the event that a doctor appeals the decision of removal from a case during utilization review. Funds are continuously appropriated pursuant to Section 8-46-202 (1) (c), C.R.S. The appropriation is included in the Long Bill for informational purposes.

STATUTORY AUTHORITY: Pursuant to Sections 24-31-101 (1) (a), C.R.S., defined in Section 24-75-112 (1) (i), C.R.S., and 8-46-202, C.R.S.

REQUEST: The Department requests an appropriation of \$7,992 cash funds, which represents a continuation of level funding.

RECOMMENDATION: **The staff recommendation is pending a Committee common policy decision for legal services.** This line item has historically included funding for 100 hours of legal services. Staff requests permission to reflect the Committee's decision in the appropriation for this line item.

SUBSEQUENT INJURY BENEFITS

This line item is used to pay benefits to injured workers who have become permanently, totally disabled from more than one work-related injury. Funds are continuously appropriated pursuant to Section 8-46-101 (4)(b), C.R.S. The appropriation is included in the Long Bill for informational purposes.

STATUTORY AUTHORITY: Pursuant to Section 8-46-101, C.R.S.

REQUEST: The Department requests an appropriation of \$2,000,000 cash funds, which represents a continuation of level funding.

RECOMMENDATION: Staff recommends approval of the request for a continuation level of \$2,000,000 cash funds shown for informational purposes.

SUBSEQUENT INJURY LEGAL SERVICES

This line item is used to purchase legal services from the Department of Law to process and settle claims related to the Subsequent Injury program. Legal Services paid from the Subsequent Injury Fund are continuously appropriated pursuant to Section 8-46-101 (4) (b), C.R.S. The appropriation is included in the Long Bill for informational purposes.

STATUTORY AUTHORITY: Pursuant to 24-31-101 (1)(a), C.R.S., and defined in Section 24-75-112 (1) (i), C.R.S., and Section 8-46-101, C.R.S.

REQUEST: The Department requests an appropriation of \$7,992 cash funds, which represents a continuation level of funding.

RECOMMENDATION: The staff recommendation is pending a Committee common policy decision for legal services. This line item has historically included funding for 100 hours of legal services. Staff requests permission to reflect the Committee's decision in the appropriation for this line item.

MEDICAL DISASTER

This line item is used to offset employee incurred medical, nursing, hospital, and drug expenses that are in excess of the allotted expenses pursuant to the "Workers' Compensation Act of Colorado." Employees must validate their entitlement to disability benefits under the Act, and the incurred expenses can be for recovery, to alleviate chronic pain, or to reduce a disability. The Medical Disaster Insurance Fund is continuously appropriated pursuant to Section 8-46-303 (2), C.R.S. The appropriation is included in the Long Bill for informational purposes.

STATUTORY AUTHORITY: Pursuant to Section 8-46-303, C.R.S.

REQUEST: The Department requests an appropriation of \$1,000 cash funds, which represents a continuation level of funding.

RECOMMENDATION: Staff recommends approval of the request for \$1,000 cash funds shown for informational purposes.

(7) DIVISION OF VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES

This division oversees vocational rehabilitation programs designed to enable individuals with any type of disability to participate in the work force. These programs include Vocational Rehabilitation Services, School-to-Work Alliance Program, Vocational Rehabilitation Mental Health Services, Independent Living Services, Business Enterprises Program for Individuals who are Blind, and the Business Enterprises Program. This division also includes funding for grants and technical assistance to independent living centers, which support individuals with disabilities living in the community.

DIVISION OF VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 Appropriation						
H.B. 18-1322 (Long Bill)	\$58,974,425	\$11,476,793	\$823,075	\$5,393,436	\$41,281,121	233.7
TOTAL	\$58,974,425	\$11,476,793	\$823,075	\$5,393,436	\$41,281,121	233.7
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$58,974,425	\$11,476,793	\$823,075	\$5,393,436	\$41,281,121	233.7
R6 Independent Living Services provider rate increase	67,335	67,335	0	0	0	0.0
NP7 Employment First initiatives and state programs for IDD	2,865,644	610,382	0	0	2,255,262	3.7
Centrally appropriated line items	4,970	1,059	0	0	3,911	0.0
Informational funds adjustment	37,074	0	3,707	0	33,367	0.0
Annualize prior year legislation	137,244	13,084	0	0	124,160	0.0
Annualize prior year budget actions	451,146	93,233	13,435	0	344,478	0.0
TOTAL	\$62,537,838	\$12,261,886	\$840,217	\$5,393,436	\$44,042,299	237.4
INCREASE/(DECREASE)	\$3,563,413	\$785,093	\$17,142	\$0	\$2,761,178	3.7
Percentage Change	6.0%	6.8%	2.1%	0.0%	6.7%	1.6%
FY 2019-20 EXECUTIVE REQUEST						
Request Above/(Below) Recommendation	\$853,151	\$189,618	(\$3,707)	\$0	\$667,240	0.3

DECISION ITEMS - DIVISION OF VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES

➔ NONPRIORITIZED EMPLOYMENT FIRST REQUEST

OVERVIEW OF REQUEST, FRAMEWORK FOR ANALYSIS, AND SUMMARY

The Department of Health Care Policy and Financing Request R16 proposes a new line item in the Department of Labor and Employment, Vocational Rehabilitation Programs for “Employment First” programs. The request for \$3,755,869 would fund 4.0 FTE and a new Office of Employment First, housed in a University Center for Excellence in Developmental Disabilities at the University of Colorado. The Office would be responsible for a range of coordination and training functions to promote competitive integrated employment for people with severe disabilities. The request incorporates the vocational rehabilitation funding split of 78.7 percent federal funds to 21.3 percent non-federal funds.

- The request is described as a “net zero” General Fund request, because \$800,000 General Fund requested for this item in the Division of Vocational Rehabilitation is proposed to be balanced by an \$800,000 refinance in the Department of Health Care Policy and Financing, which will increase funding from the Individual with Developmental Disabilities (IDD) Cash Fund by \$800,000 and reduce General Fund by the same amount. Amounts in the IDD Cash Fund (25.5-10-207, C.R.S.) are from General Fund that reverts when Medicaid appropriations for services for people with developmental disabilities are not fully used.
- The request is also described as a temporary, three-year program, because the IDD Cash Fund is scheduled to repeal July 2, 2022. Thus, the two departments propose to use this financing mechanism for the three-year period only.
- The related request in HCPF includes other components, targeted at the reduction of the IDD waiting list. The JBC analyst for the Services for People with Developmental Disabilities will make recommendations on the balance of the HCPF waiting list request. However, **staff recommends that the Committee make its decision on this program in the Department of Labor and Employment. This will then drive the related refinancing amount in HCPF, i.e., staff recommends that this request be treated as a prioritized item in CDLE, with a related non-prioritized component in HCPF.**
- The initial proposal included limited information on the use of the funds in the Department of Labor and Employment. The Department has submitted additional data since that time. From these submissions, staff concludes that only a portion of the funds requested are directly related to Employment First. The balance of the request is sought by the Division of Vocational Rehabilitation to more broadly shore up program operations, ensure adequate resources for client services, and increase the Division’s flexibility in managing federal funds. In staff’s opinion, the Committee should therefore **examine two separate issues:**
 - 1 *Employment First Initiatives:* An appropriate level of temporary (three-year) funding for the Office of Employment First, financed through the requested refinancing mechanism in the Department of Health Care Policy and Financing.
 - 2 *Client Services in DVR:* As desired, some amount of additional General Fund support for client services in the Division of Vocational Rehabilitation. Staff does not believe such funding should be considered temporary or related to refinancing in HCPF.

Because most of the information related to this request arrived in response to staff questions and is not included in an executive budget request document, staff has included substantial detail in this write-up to ensure that there is a clear record of Department and Committee intent.

In summary:

- 1 Staff recommends that \$2,396,160 total funds, including \$510,382 General Fund, be included in an Employment First Initiatives line item and, consistent with the request, be supported through a refinance in HCPF for a three-year period. Staff recommends roll-forward authority and a related request for information. Staff does not, recommend providing the Division with full

transfer authority between this line item and other line items, given the targeted purpose of these funds.

- 2 Staff recommends adding \$469,484 total funds, including \$100,000 General Fund, in the Vocational Rehabilitation Services line item. This is to assist the Division in addressing client services costs. Given matching funds available, this translates to a total funds increase of \$469,484 in client services. This funding would be ongoing and *unrelated* to the refinance in HCPF. Staff also recommends increasing the Department’s authority to transfer across specified line items from 10.0 percent to 15.0 percent.

PART 1 - EMPLOYMENT FIRST INITIATIVES - HCPF R16/DD REFINANCE

REQUEST: This portion of the request includes administrative, coordination, and training resources designed to “reorient” employment services for people with the most significant disabilities throughout state government. Staff is also interpreting this portion of the request to include one client services element that seems directly tied to the Employment First initiative and potentially time-limited: Regional Customized Employment Pilot programs.

<i>Employment First Initiatives</i>			
<i>Administrative Costs</i>	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>
Contracted Office of Employment First (Additional Detail on Spreadsheet from Feb 7)	1,468,380	1,127,830	1,127,830
CDLE Employment First Staff	367,780	379,546	379,546
Employment First Website	200,000	0	0
<i>Total Administrative Costs</i>	<i>2,036,160</i>	<i>1,507,376</i>	<i>1,507,376</i>
+Regional Customized Employment Pilot Programs	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>
Total	\$2,396,160	\$1,867,376	\$1,867,376

Under the fund splits for the federal vocational rehabilitation grant, these total funds would be 21.3 percent General Fund and 78.7 percent federal funds, assuming all costs are deemed eligible for match.

Contracted Office of Employment First - \$1,468,380 total funds + \$200,000 total funds for website

Based on the request and subsequent communication, the Office of Employment First would be established as a contract with a “University Center of Excellence in Developmental Disabilities” (UCEDD) University Center of Excellence in Developmental Disabilities (UCEDD). UCEDDs are nationally designated centers focusing on research, training, outreach, and clinical services for people with IDD. Colorado’s UCCEDD is JFK Partners located in the Department of Pediatrics of the University of Colorado School of Medicine.

The Department anticipates that these services would be provided through an interagency agreement between CDLE, the UCEDD and other state agencies. CDLE reports that it anticipates that these services will qualify for use of federal vocational rehabilitation funds under the vocational rehabilitation basic support program rules that allow use of funds for “technical assistance and support services to other state agencies, private nonprofit organizations, and business and industries...” According to the Department:

There are 46 states with some type of focused Employment First Initiative. These states’ Employment First efforts are consistently connected to the University Centers for Excellence in Developmental Disabilities (UCEDD). UCEDDs are located in every US state and territory and receive funding from the US Department of Education (ED), National Institutes of Health (NIH), Health Resources and Services

Administration (HRSA), Centers for Medicare and Medicaid Services (CMS), and Centers for Disease Control and Prevention (CDC). The UCEDDs work with people with disabilities, members of their families, state and local government agencies, and community providers in projects that provide training, technical assistance, service, research, and information sharing, with a focus on building the capacity of communities to sustain all their citizens. In Colorado the UCEDD is JFK Partners, a 50 year old institution located at the University of Denver - Anschutz.

According to the proposed **vision and mission** statements for the proposed new entity: “The Office of Employment First will work with state agencies, employers and community stakeholders to make Colorado a national leader in cross-disability Employment First programs and will be the center of excellence and accountability for Employment First policy, practice and implementation in Colorado.” Its functions would include:

Coordination, evaluation and monitoring:

- Coordinate implementation of Employment First Advisory Partnership (EFAP) recommendations, developed pursuant to SB16-077, across state agencies to increase Competitive Integrated Employment (CIE).
- Evaluate and monitor Employment First program effectiveness through currently available data sources and the development of additional performance-based criteria.

Training and education:

- Become the statewide training agency for Employment First policy and practice.
- Develop and deliver Employment First curriculum for individuals with disabilities, families, state agencies, educators, employers, service providers, potential service providers and communities to include options for pursuing Competitive Integrated Employment and supported employment mechanisms.
- Coordinate the provision of training that leads to required certification for supported employment service providers pursuant to SB18-145.
- Develop and deliver disability benefits counseling curriculum for individuals and families.
- Collaborate and facilitate state agency reviews of rules and policies to identify and address barriers to Employment First principles and practices
- Engage with CDE and CDHE to incorporate Employment First into programs and curriculums.

Technical assistance: Provide technical assistance to employers and state agencies for developing and implementing supported employment models that may be replicated across business communities

Communications: Be the focal point for Employment First communications to local, state and national audiences through print, social media, website and broadcast services.

Sustainability:

- Develop evidence-based models to demonstrate the benefits of the office.
- Identify private, state and federal sources of funding.
- Work with appropriate state agencies to acquire funding.

The budget proposed is shown below.

STAFFING (SALARY + BENEFITS)	ESTIMATED COST	FTE*
Manager	156,000	1.0
Curriculum developer/trainer	442,000	4.0
Analyst/grant writer	117,000	1.0
Administrative support	71,500	1.0
Staff Costs	786,500	7.0
*These positions would not be CDLE FTE. FTE is included for informational purposes only.		
Operations		
University of CO Admin Fee	78,650	
Leased space	125,000	
Annual state-wide conference	50,000	
Disability 101 annual maintenance	27,380	
Supplies	16,800	
Travel	40,000	
Dues, fees, subscriptions	3,500	
Operating Costs	341,330	
Total Annual Contract Budget	1,127,830	
One Time Start-up Costs		
Disability 101 -benefits & employment planning system	273,800	
Purchased training modules for SB18-145 certifications, discovery processes and customized employment.	14,000	
SB18-145 vendor certifications prior to JFK Partners certification capability.	21,250	
Staff recruitment and training	14,000	
Staff computers/training/office equip	17,500	
Total Start-Up	340,550	
Total Estimated Cost of Employment First Initiatives	1,468,380	
Employment First Website (assumed to be contracted with UCEDD)	<u>200,000</u>	
Total (year 1)	1,668,380	

The Department reports that this office will be the primary source of training across Colorado communities in the area of Employment First philosophy, programs, policy, and practices. In the first year, efforts will be focused on curriculum development and it is anticipated that the Office will deliver up to 10 training sessions for up to 100 persons to a variety of audiences including individuals with disabilities and their families, educators and service providers. In subsequent years, the Office expects to provide 24 in-person training sessions, as well as a statewide conference.

CDLE Employment First Staff- \$367,780 total funds

The request describes four new CDLE positions:

Training and Curriculum Development Specialist: Responsible for creating a sustainable curriculum and training delivery for state agency staff focused on clients with the most significant disabilities. The request emphasizes training for staff at the Department of Education on Employment First, so training of vocational rehabilitation staff may not be the sole focus.

Business Outreach Specialist: This staff person would coordinate with CDLE's Human Resources division to help CDLE become a model employer for persons with disabilities with an approach that could be transferred to other state agencies.

Benefits Planning Coordinator and Educator: The position would develop, coordinate, train and lead efforts to provide braided benefits planning services to clients. This position would coordinate partnerships with other agencies to promote braided resources.

Program Manager: This position would ensure effective and high quality performance of the supported employment and competitive integrated employment contracts following the Individual Placement and Support (IPS) model.

Regional Customized Employment Pilot Programs - \$360,000 total funds

The Department did not provide a narrative addressing this portion of its request. However, there are a considerable number of federal resources addressing the topic of customized employment. The goal of these programs is to improve employment outcomes for people with disabilities by personalizing the relationship between employers and employees in ways that meet the need of both. The approach appears to be closely aligned with the overall orientation of the Office of Employment First and staff anticipates that the Program Manager position included in this request would help to ensure the effective implementation of these programs.

PART 1 RECOMMENDATION: Staff recommends Part 1 of the request, including the contracted Office of Employment First, 4.0 FTE for the Division, and funding for regional customized employment pilots. The recommendation includes the following:

	OFFICE OF EMPLOYMENT FIRST LINE ITEM	
	FY 2019-20	FY 21 AND FY 22
Total	<u>2,396,160</u>	<u>1,867,376</u>
General Fund	510,382	397,751
Federal funds	1,885,778	2,265,127

- Consistent with the request, staff proposes to place this funding in separate line item and to allow amounts to roll-forward to the subsequent fiscal year. This represents temporary 3-year funding, designed to help reorient state activities to the Employment First model.

- Staff does not recommend providing transfer authority between this line item and other line items, as staff believes funding for Employment First initiatives, which are time limited, should be segregated from other components of the budget.
- Also consistent with the request, staff recommends that these activities be financed through a refinance in the Department of Health Care Policy and Financing involving the IDD Cash Fund.
- Note that *staff assumes that the Employment First website will be developed by the UCEDD and integrated with the UCEDD Office of Employment First Activities.*

Staff also recommends a Request for Information as follows:

N Department of Labor and Employment, Division of Vocational Rehabilitation and Independent Living Services, Vocational Rehabilitation Programs, Employment First Initiatives -- The Department is requested to submit a report by November 1, 2019 on its efforts to implement the Office of Employment First and other Employment First initiatives. This should include information on the department's progress in rolling-out the new initiatives and baseline data that will be used to measure the state's progress toward increasing competitive integrated employment for people with the most significant disabilities.

ANALYSIS:

The request is consistent with state-established goals

The request represents the latest step in a series of federal and state efforts to move employment services for people with IDD, severe mental illness, and other serious disabilities away from segregated settings and sheltered workshops and toward supported employment in the wider community.

The vast majority of people with IDD are either unemployed or underemployed due to employment barriers. Furthermore, much of the work that is available for people with IDD, severe mental illness, and other “most significant disabilities” has traditionally been in “sheltered workshop” or other settings that are segregated from the general population and pay sub-minimum wage. Very few work in individual competitive employment in the community.³

Both federal and state law now support the use of competitive integrated employment (minimum wage or above in non-segregated settings) over segregated workshops and day programs. The Supreme Court case *Olmstead v. L.C.* (1999) found that unjustified segregation of persons with disabilities constitutes discrimination in violation of the Americans with Disabilities Act. The 2014 Workforce Innovation and Opportunity Act (WIOA) places greater emphasis on coordination between vocational rehabilitation programs and other agencies, particularly schools, to assist young people with most significant disabilities in transitioning into competitive integrated employment.

In 2016, the General Assembly adopted S.B. 16-077, concerning “Employment First”. As defined in Section 8-84-301, C.R.S.: “Employment First” is a framework that is **“centered on the premise that all persons, including persons with significant disabilities, are capable of full participation in**

³ StateData: The National Report on Employment Services and Outcomes Through 2016.
https://www.statedata.info/sites/statedata.info/files/files/statedata2018_web_F.pdf

competitive integrated employment and community life. Under this framework, in providing publicly funded services, employment in the general workforce is the first and preferred outcome for all working-age persons with disabilities, regardless of the level of disability.”

In Senate Bill 16-077, the General Assembly added Colorado to the list of states adopting this framework. The bill specified five agency partners—the Colorado Department of Labor and Employment (CDLE), the Department of Health Care Policy and Financing (HCPF), the Department of Education, the Department of Higher Education (DHE), and the Department of Human Services—that were required to work together to identify employment and educational opportunities for persons with disabilities. It also created the Employment First Advisory Partnership (EFAP) led by the State Rehabilitation Council in CDLE.

The EFAP, including stakeholder groups, released a report with initial recommendations to the General Assembly and the five state government agency partners on November 1, 2017.⁴ The current request is closely tied to EFAP recommendations. The EFAP Report recommends an Office of Employment First to coordinate cross-departmental efforts to implement Employment First, development of locally based pilot projects, and development of effective Employment First communication and training plans.

Focusing on Employment First through an Office of Employment First is likely to yield results

National data indicate that Colorado currently does a poor job helping individuals with developmental disabilities into integrated employment. While one study finds 87 percent of individuals with IDD are in competitive integrated employment in Washington State, this figure is 18 percent for Colorado.⁵ According to a 2005 paper from a group at the University of Massachusetts Boston,⁶ Colorado was once a national leader in this arena. In 1993, 50 percent of individuals in IDD Medicaid waiver services in Colorado were in integrated employment programs. This had fallen to just 34 percent in 2001. *Clearly, policy and focus can make a difference in this arena.*

The Institute for Community Inclusion, the Massachusetts UCEDD, in collaboration with the National Association of State Directors of Developmental Disabilities reports using a “high performing states” model to help states move programs toward community inclusion and integrated employment. Participating states have shown increases in integrated employment, while nonparticipants have declined. The new Office of Employment First seems to be consistent with the approach being used successfully in other states.⁷

People with the most significant disabilities are typically involved in multiple systems and with multiple government agencies. Thus, it makes sense to staff to develop an entity with responsibilities to work with multiple state agencies on this goal.

⁴ <https://www.colorado.gov/pacific/sites/default/files/EFAP%20Report%20FINAL%201.4.18.pdf>

⁵ Winsor et. al., StateData: The National Report on Employment Services and Outcomes through 2016, Institute for Community Inclusion, University of Massachusetts Boston, 2018.

⁶ Jean Winsor, John Butterworth, Allison Cohen, “Innovations in Employment Supports: Colorado’s State Division for Developmental Disabilities”, Institute for Community Inclusion, University of Massachusetts Boston, July 2005.

⁷ Winsor et. al., StateData: The National Report on Employment Services and Outcomes through 2016, Institute for Community Inclusion, University of Massachusetts Boston, 2018.

Staff recommends this as a time-limited experiment

While staff is hopeful that the approach can be successful, it will be up to the State to demonstrate this. In response to staff questions, CDLE indicated that it anticipates establishing baselines to gauge annual progress over the next three years in the following success factors.

- Increased number of individuals working in competitive integrated employment
- Decreased number of individuals working in sub-minimum wage employment
- Decreased number of individuals working in non-integrated employment settings
- Increased number of skilled and competent staff that are knowledgeable about Employment First principles and practices
- Increased number of partners, families, and other stakeholders trained in areas supported employment and benefits planning
- Increased number of new contracts implementing IPS in new disability populations, such as IDD or TBI

However, much of this data is not yet available. Staff has recommended an RFI to ensure that the collaborating departments start reporting promptly on baseline data against which the program's success will be measured.

Staff recognizes that the Department may submit additional requests toward the end of this three-year period requesting continuation of some of this program from the General Fund or other sources. However, *whether or not ongoing support is feasible will depend in part on the program's impact and in part on the status of state and federal resources at that time.*

Staff is hopeful that--if successful--other funding sources will help sustain this in the future. In particular, funding for UCEDD services may come from multiple sources, so funding from CDLE might be only one part of the long-term funding, particularly after the initial start-up phase.

PART 2 - VOCATIONAL REHABILITATION CASE SERVICES

REQUEST: This portion of the request was not clearly articulated in the original submission. However, in response to staff questions, the Department has submitted additional detail that indicates that the Department is hoping to use a significant portion of the request toward case service activities. These may have a limited relationship toward the Employment First request as originally submitted.

The Department did not include any narrative to explain these activities. By their titles, some appear more directly related to Employment First than others. Staff has included customized employment pilots under Part 1 of this request, as they appear to be related to Employment First and, as pilots, time limited. *Without any additional narrative, staff understands that the remaining items are related to ongoing case service wants or needs.*

Case Services Estimates	Year 1	Year 2	Year 3
Youth Services	500,000	1,028,784	1,028,784
Increase in VR Services Client Enrollment	400,000	400,000	400,000
Regional Customized Employment Pilot Programs	360,000	360,000	360,000
Rural services to Blind and Low Vision Clients	143,000	143,000	143,000
Mental Health Supported Employment	316,709	316,709	316,709
Total Case Services Estimates	1,719,709	2,248,493	2,248,493
Total	3,755,869	3,755,869	3,755,869

In response to staff questions, Department staff have indicated:

- The Department caseload for pre-Employment Transition Services (pre-ETS) has grown, pursuant to federal requirements. Although the data it has been submitting annually to the JBC shows stagnant or declining caseload for vocational rehabilitation, this data does not include a category of clients who have not been through a full evaluation to determine whether they are eligible for services. Specifically, federal law now requires the Department to set aside 15 percent of resources for pre-employment transition services. Regulations allow the Division to serve students between 14-24 who are eligible or potentially eligible for VR services. This is the area of greatest growth for the Division and is shown below as “pending disability determination”.

In addition, the Department’s current straight-line projections (based on seven months in FY 2018-19) show notable growth in other categories.

Disability Priority	2017**	2018**	2019 Projection*	Projected Growth in 2019 from 2017
Pending Disability Determination	196	447	670	242%
Disability	276	263	250	-9%
Significant Disability	1,511	1,454	1,706	18%
Most Significant Disability	5,213	5,020	6,170	13%
Total*	6,632	6,374	8,796	22%

*Straight line projection for 2019.

**JBC Staff Note: Columns do not sum for 2017 or 2018

- The Department is very dependent on the SWAP program and other targeted programs for non-federal match. As a result, Department budget staff believe the Department is at some risk of having insufficient non-federal match for client case services if some of these third-party sources do not fully materialize. If sufficient funding for case services is not provided, implementation of a waitlist applies to every service funded through the federal basic support grant.
- The Department would like to continue to support Mental Health Supported Employment programs. These were launched using matching funds from the Department of Human Services, Office of Behavioral Health. However, due to other demands on that Office, the viability of that support is uncertain. The Division provided General Fund match from vacancy savings last year and believes ongoing General Fund support for this program may be required.
- Providing additional General Fund now will support vocational rehabilitation programs over the longer term. For example, the Department is allowed carry-forward unused federal funds from its annual grant only if it fully matches the entire grant with non-federal funds in the first year. If it has sufficient non-federal match it will be able to “bank” some of the General Fund provided for future years under federal requirements.
- When the current three-year proposal is over it will avoid a maintenance of effort penalty by finding other sources of non-General Fund match.

RECOMMENDATION: Staff recommends adding \$100,000 General Fund in ongoing case services funding to assist the Division in addressing vocational rehabilitation services costs. Given matching funds available, this translates to a total funds increase of \$469,484 in vocational rehabilitation services. Staff encourages the Department to pursue collaborative arrangements with independent living centers as an additional source of match, as described below. Staff anticipates that the Department will submit requests for additional General Fund support in future years if required to support client services.

Staff also recommends increasing transfer authority between line items. The Long Bill currently allows the Department to transfer 10.0 percent of total General Fund appropriations in specified line items. Staff recommends increasing this to 15.0 percent.

ANALYSIS: the Department of Labor and Employment took responsibility for vocational rehabilitation programs less than three years ago. Staff appreciates that the Department is working diligently to manage a complex federal grant in ways that are beneficial to the agency and its clients. The program is also working to adjust to significant changes to federal law, designed to integrate vocational rehabilitation and other employment programs. This includes requirements to devote significantly more resources to youth services (“pre-ETS” services).

- **The data on growing case service costs is incomplete.** The new client case data provided by the Department does appear to indicate real growth in FY 2018-19. However, the cost-per-case data, also provided, suggests that case service costs might actually fall in FY 2018-19, due to declining costs per case. There may be some errors or anomalies in the data provided (e.g., the Department included totals for FY 2016-17 and FY 2017-18 that differed from the calculated figures shown below). Department budget staff clearly fear that client service costs may be growing too quickly. Nonetheless, the Department has not adequately made its case.

	FY 2016-17	FY 2017-18	FY 2018-19 PROJECTED
Pending disability determination	196	447	670
Disability	276	286	250
Sig. disability	1,511	1,809	1,706
Most Sig disability	<u>5,213</u>	<u>5,491</u>	<u>6,170</u>
Total	7,196	8,033	8,796
Client service cost per case	\$2,329	\$2,358	\$1,833
Client service costs	16,759,484	18,941,814	16,123,068

- Staff understands the administrative advantages to the Department “storing up” General Fund match, particularly if it does not expect such support to be ongoing. However, at the State level, **staff believes it makes more sense for the State to appropriate General Fund to meet approximate annual needs, rather than to help the Division “bank” General Fund for the future.**
- **Staff recommends modest additional General Fund support to assist the Department to maintain mental health supported employment programs and to address such growth in case services as may materialize.** For this reason, staff also recommends increased transfer authority between line items. Staff recognizes that the Department struggled to find adequate match for available federal funds in FY 2017-18 and transferred considerable General Fund from

the personal services to the case services line item in the same year. The staff recommendation is intended to reduce the risk that the Division will not have sufficient resources for case services.

- **Staff wishes to see the Department make greater efforts to reach out to Independent Living Centers, which receive significant General Fund support, to create collaborative relationships.** The Department appears to have made little effort to do so thus far, to staff's surprise. The Department has argued that temporary (three-year) General Fund for the Employment First initiative will not create a problem because it will develop non-state match sources for the future. Staff believes it should be developing those more actively now.

→ STAFF-INITIATED FOOTNOTE AND RFI ON VOCATIONAL REHABILITATION AND INDEPENDENT LIVING COLLABORATION

Staff recommends adding a footnote and request for information to promote cooperative agreements between the independent living centers and vocational rehabilitation programs. This kind of collaboration exists in other states, and staff has been informed by a number of independent living centers that they would be interested in expanding fee-for-service contracts from vocational rehabilitation. The Department has indicated that it intends to expand this type of collaboration; but there seems to have been little progress in this area over the last year. In light of this, staff recommends a footnote and RFI.

Staff notes that pursuant to Section 8-84-105 (1)(b.5), C.R.S., the Division has continuous spending authority for cash funds and reappropriated funds received from governmental and non-governmental sources to carry out the Division's duties. Staff believes transfers from the Independent Living Services line item could be included under this provision as reappropriated funds. However, the Department indicates that a General Fund transfer would help to address existing administrative barriers. Staff also believes that a footnote and RFI may help focus both Department and ILC attention on this issue.

Recommended Footnote:

- N Department of Labor and Employment, Division of Vocational Rehabilitation and Independent Living Services, Vocational Rehabilitation Programs, Vocational Rehabilitation Services; and Office of Independent Living Services, Independent Living Services -- If authorized by an independent living center based on a cooperative agreement between the independent living center and the Division of Vocational Rehabilitation, the Department may transfer General Fund from the Independent Living Services line item to the Vocational Rehabilitation Services line item, in an amount agreed upon between the two entities, for the purpose of drawing down federal funds for the provision of vocational rehabilitation services.

Recommended Request for Information:

- N Department of Labor and Employment, Division of Vocational Rehabilitation and Independent Living Services -- The Department is encouraged to work with vocational rehabilitation and independent living centers to develop cooperative agreements that will enable the State to fully access available federal support for vocational rehabilitation and

promote relationships between these entities. The Department is requested to report by November 1, 2019 on its progress in developing these relationships and whether it anticipates cooperative agreements to be implemented in FY 2019-20 and/or FY 2020-21.

→ R6 COMMUNITY PROVIDER RATE INCREASE

REQUEST: The request includes a 1.0 percent community provider rate increase for the Independent Living Centers, representing a total increase of \$67,335 General Fund.

RECOMMENDATION: The staff recommendation includes a 1.0 percent increase consistent with committee common policy. Staff requests permission to incorporate any subsequent modifications to common policy in the appropriation for Independent Living Centers.

→ STAFF-INITIATED FEDERAL FUNDS AND LOCAL CASH FUNDS ADJUSTMENTS FOR INDEPENDENT LIVING SERVICES

Staff recommends adjusting amounts for federal grants and local cash match amounts (associated with the federal funds) for independent living services to align with recent federal grant levels of \$338,717 (an increase of \$33,367) and a required 10 percent local match of \$37,635 (an increase of \$3,707). These funds are shown for informational purposes only.

(A) VOCATIONAL REHABILITATION PROGRAMS

This Division oversees vocational rehabilitation programs designed to enable individuals with any type of disability to participate in the work force. These programs include Vocational Rehabilitation Services, School-to-Work Alliance Program, Vocational Rehabilitation Mental Health Services, Independent Living Services, Business Enterprises Program for Individuals who are Blind, and the Business Enterprises Program.

The federal government supports vocational rehabilitation programs based on a match of 21.3 percent non-federal to 78.7 percent federal funds. The General Fund provides a portion of the match. A portion is from other sources, including reappropriated funds from school districts, which provide matching funds to draw down federal vocational rehabilitation funding under the School to Work Alliance Program. Pursuant to Section 8-84-105 (1)(b.5), C.R.S., the Division has continuous spending authority for cash funds and reappropriated funds received from governmental and non-governmental sources to carry out the Division's duties.

The State operates 27 vocational rehabilitation offices located throughout the state, which are staffed with state personnel. Federal regulations dictate the program's structure: who may be served, allowable services, which groups receive priority of service, and who is qualified to provide services. Consistent with federal requirements, most service providers are masters-level rehabilitation counselors.

To be eligible services, individuals must meet certain criteria:

- Have a documented disability, such as a physical, mental, or learning disability;
- Due to the disability, have difficulty getting, doing, keeping, or advancing in a job;

- Must be able to work after the vocational rehabilitation program is complete; and
- Must need vocational rehabilitation services in order to go to work successfully.

The Department reported 7,586 individuals qualified for and received services in FY 2017-18 at an average case services cost of \$2,479. However, from the perspective of the total appropriation divided by individuals served (excluding those with determination pending), costs exceed \$6,500 per person.

The table below shows the breakdown of people served by type of disability.

DISABILITY TYPE	PERCENTAGE
Reasoning and Perceptual Disabilities	30.40%
Interpersonal/Behavioral	29.76%
Physical Disabilities	17.42%
Sensory Disabilities	16.03%
Other Disabilities	6.39%

LINE ITEM DETAIL - VOCATIONAL REHABILITATION PROGRAMS

PERSONAL SERVICES

This line item funds the personnel costs of programmatic and administrative staff including the vocational rehabilitation counselors responsible for the provision of client services.

STATUTORY AUTHORITY: Pursuant to Section 8-84-103, C.R.S.

REQUEST: The Department requests an appropriation of \$16,865,366 total funds, including \$3,575,172 General Fund, and 223.7 FTE. This amount includes annualizing salary survey awarded in FY 2018-19 and S.B. 18-200 (PERA).

RECOMMENDATION: **Staff recommends approval of the request, as reflected in the table below.** The General Fund amount in this line item includes an (M) notation, which requires an adjustment to General Fund if the federal match rate changes.

DIVISION OF VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES, VOCATIONAL REHABILITATION PROGRAMS, PERSONAL SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$16,345,301	\$3,474,105	\$0	\$0	\$12,871,196	223.7
TOTAL	\$16,345,301	\$3,474,105	\$0	\$0	\$12,871,196	223.7
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$16,345,301	\$3,474,105	\$0	\$0	\$12,871,196	223.7
Annualize prior year budget actions	382,821	87,983	0	0	294,838	0.0
Annualize prior year legislation	137,244	13,084	0	0	124,160	0.0
TOTAL	\$16,865,366	\$3,575,172	\$0	\$0	\$13,290,194	223.7

DIVISION OF VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES, VOCATIONAL REHABILITATION PROGRAMS, PERSONAL SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
INCREASE/(DECREASE)	\$520,065	\$101,067	\$0	\$0	\$418,998	0.0
Percentage Change	3.2%	2.9%	n/a	n/a	3.3%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$16,865,366	\$3,575,172	\$0	\$0	\$13,290,194	223.7
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

OPERATING EXPENSES

This line item funds the operating expenses of the Vocational Rehabilitation program.

STATUTORY AUTHORITY: Pursuant to Title 8, Article 84, C.R.S.

REQUEST: The Department requests an appropriation of \$2,539,404 total funds (\$540,893 reappropriated funds and \$1,998,511 federal funds), which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends approval of the request for a continuation level of \$2,539,404 total funds (\$540,893 reappropriated funds from school districts and \$1,998,511 federal funds).**

ADMINISTRATIVE LAW JUDGE SERVICES

This line item is used to purchase administrative law services from the Department of Personnel.

STATUTORY AUTHORITY: Pursuant to Section 24-31-101 (1) (a), C.R.S., and defined in Section 24-75-112 (1) (i), C.R.S.

REQUEST: The Department requests a continuation level of appropriation of \$36,767 total funds (\$9,973 General Fund and \$26,764 federal funds).

RECOMMENDATION: **This amount is pending a Committee common policy decision for FY 2019-20.** Staff requests permission to reflect the Committee's decision in the appropriation for this line item.

VOCATIONAL REHABILITATION SERVICES

This line item funds direct client services provided by the Vocational Rehabilitation Programs for individuals whose disability results in barriers to employment of independent living. These services provide individuals with the skills to obtain and maintain employment and live independently in the community. Services include:

- Vocational rehabilitation assessments, counseling and guidance;
- Vocational and academic training, personal and vocational adjustment training, job coaching, on-the-job training, job-seeking skills training;

- Placement services provided to assist an individual with a disability to find adequate and suitable employment in his/her chosen career;
- Supportive services including transportation, personal assistance services and services to family members may also be provided if necessary for the individual to utilize the services identified above; and
- Post-employment services may be provided to previously rehabilitated individuals to maintain or regain suitable employment.

STATUTORY AUTHORITY: Pursuant to Section 8-84-106, C.R.S.

REQUEST: The Department requests an appropriation of \$14,831,622 total funds (\$1,043,950 General Fund, \$2,115,185 reappropriated funds, and \$11,672,487 federal funds), which represents a continuation of level funding.

RECOMMENDATION: The staff recommendation is included in the table below and incorporates the staff recommendation for a modest increase in General Fund support. The General Fund amount in this line item includes an (M) notation, which requires an adjustment to General Fund if the federal match rate changes.

DIVISION OF VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES, VOCATIONAL REHABILITATION PROGRAMS, VOC REHAB SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$14,831,622	\$1,043,950	\$0	\$2,115,185	\$11,672,487	0.0
TOTAL	\$14,831,622	\$1,043,950	\$0	\$2,115,185	\$11,672,487	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$14,831,622	\$1,043,950	\$0	\$2,115,185	\$11,672,487	0.0
NP7 Employment First initiatives and state programs for IDD	469,484	100,000	0	0	369,484	0.0
TOTAL	\$15,301,106	\$1,143,950	\$0	\$2,115,185	\$12,041,971	0.0
INCREASE/(DECREASE)	\$469,484	\$100,000	\$0	\$0	\$369,484	0.0
Percentage Change	3.2%	9.6%	n/a	0.0%	3.2%	n/a
FY 2019-20 EXECUTIVE REQUEST	\$14,831,622	\$1,043,950	\$0	\$2,115,185	\$11,672,487	0.0
Request Above/(Below)						
Recommendation	(\$469,484)	(\$100,000)	\$0	\$0	(\$369,484)	0.0

SCHOOL TO WORK ALLIANCE PROGRAM

This line item funds the School to Work Alliance Program (SWAP) Contracts. SWAP is a collaborative program between Vocational Rehabilitation and the Colorado Department of Education (CDE). Vocational Rehabilitation contracts with School Districts and Boards of Cooperative Education Services (BOCES) to provide services to youth with mild to moderate disabilities who are transitioning from school into the workforce. School districts participating in the program receive a 1:1 federal match for funds they provide for the program. These funds support direct services to eligible students within the school district. The balance of the federal 78.7 percent match pays for division staff support for the SWAP program and other DVR programs.

STATUTORY AUTHORITY: Pursuant to Section 8-84-106, C.R.S.

REQUEST: The Department requests an appropriation of \$11,265,924 total funds (\$34,647 cash funds, \$2,364,995 reappropriated funds from school districts, and \$8,866,282 federal funds), which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends the request for a continuation level of funding** of \$11,265,924 total funds (\$34,647 cash funds, \$2,364,995 reappropriated funds from school districts, and \$8,866,282 federal funds), which represents a continuation of level funding.

VOCATIONAL REHABILITATION MENTAL HEALTH SERVICES

This line item funds the provision of mental health services to eligible individuals who are receiving vocational rehabilitation services. The Vocational Rehabilitation Program contracts with mental health providers for these services.

STATUTORY AUTHORITY: Pursuant to Section 8-84-106, C.R.S.

REQUEST: The Department requests an appropriation of \$1,748,180 total funds (\$372,363 reappropriated funds and \$1,375,817 federal funds), which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends approval of the request for a continuation level of \$1,748,180 total funds** (\$372,363 reappropriated funds and \$1,375,817 federal funds).

BUSINESS ENTERPRISE PROGRAM FOR PEOPLE WHO ARE BLIND

The Business Enterprise Program assists blind or visually-impaired individuals in operation of vending and food service businesses. The Program is the result of the federal Randolph-Sheppard Vending Facility program, which gives priority to blind and visually impaired individuals who wish to operate and manage food and vending services in federal and state government office buildings and facilities. The Program utilizes funding from this line item to support site development, initial merchandise and supply inventory, purchasing equipment, and providing technical support to vendors.

STATUTORY AUTHORITY: Pursuant to Sections 8-84-201, C.R.S., et seq.

REQUEST: The Department requests an appropriation of \$1,532,125 total funds (\$325,500 cash funds and \$1,206,625 federal funds) and 6.0 FTE, which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends approval of the request for a continuation level of \$1,532,125 total funds and 6.0 FTE.**

BUSINESS ENTERPRISE PROGRAM – PROGRAM OPERATED STANDS, REPAIR COSTS, AND OPERATOR BENEFITS

This line item pays for costs associated with the Business Enterprise Program that are not eligible for the federal match. This includes: costs associated with temporary state operation of vending facilities

when a vendor leaves the program; equipment maintenance and repair during this interim period; and payments to operators to support their health insurance, IRA contributions, and vacation pay (operators are not state employees). Revenues from the operation of the vending stands and payments by the vendors support this program. Expenses and revenues in this line item are highly unpredictable, as they are dependent upon whether one or more operators abandon sites during the year.

STATUTORY AUTHORITY: Pursuant to Sections 8-84-201, C.R.S., *et seq.*

REQUEST: The Department requests an appropriation of \$429,000 cash funds, which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends approval of the request for a continuation level of \$429,000 cash funds.**

FEDERAL SOCIAL SECURITY REIMBURSEMENT

This line item funds the purchase of services outlined in a consumer's individualized plan for employment including training and assistive technology. The federal funds in this line item represent incentive payments from the federal Supplemental Security Income Program (SSI Program) when vocational rehabilitation programs successfully remove people from the SSI Program.

STATUTORY AUTHORITY: Pursuant to Section 8-84-107, C.R.S.

REQUEST: The Department requests \$2,600,000 federal funds, which represents a continuation of level funding.

RECOMMENDATION: **Staff recommends the request for a continuation amount of \$2,600,000 federal funds.**

OLDER BLIND GRANTS

This line item provides independent living services to persons age 55 or older who are blind or visually impaired. Most of the individuals served through these grants have become blind older in life, and are provided assistance in learning new strategies for accomplishing daily tasks and participating in community and family activities. The appropriation is included in the Long Bill for informational purposes.

STATUTORY AUTHORITY: Pursuant to Section 26-8.1-108, C.R.S.

REQUEST: The Department requests a continuation level of appropriation of \$362,000 federal funds.

RECOMMENDATION: **Staff recommends the request for \$362,000 federal funds shown for informational purposes.**

EMPLOYMENT FIRST INITIATIVES

Employment First is a nationally recognized model for achieving increased, successful employment outcomes for people with disabilities. This line item, if approved, would provide support for Employment First initiatives including an Office of Employment First contracted to the university center of excellence in developmental disabilities at the University of Colorado, vocational rehabilitation staff charged with specific Employment First responsibilities, and several customized employment pilot programs. General Fund match in this line item originates from refinance of amounts in the Individuals with Developmental Disabilities Cash Fund in the Department of Health Care Policy and Financing and is available only through FY 2021-22.

STATUTORY AUTHORITY: Pursuant to Section 8-84-106, C.R.S.

REQUEST: The Department requests \$3,755,869 total funds, including \$800,000 General Fund.

RECOMMENDATION: The staff recommendation is reflected in the table below.

DIVISION OF VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES, VOCATIONAL REHABILITATION PROGRAMS, EMPLOYMENT FIRST INITIATIVES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
NP7 Employment First initiatives and state programs for IDD	\$2,396,160	\$510,382	\$0	\$0	\$1,885,778	3.7
TOTAL	\$2,396,160	\$510,382	\$0	\$0	\$1,885,778	3.7
INCREASE/(DECREASE)	\$2,396,160	\$510,382	\$0	\$0	\$1,885,778	3.7
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$3,755,869	\$800,000	\$0	\$0	\$2,955,869	4.0
Request Above/(Below) Recommendation	\$1,359,709	\$289,618	\$0	\$0	\$1,070,091	0.3

(B) OFFICE OF INDEPENDENT LIVING SERVICES

Independent Living Centers (ILC) are consumer-controlled, community-based, nonresidential, agencies that provide an array of independent living services to people of any age with any disability.

LINE ITEM DETAIL - OFFICE OF INDEPENDENT LIVING SERVICES

PROGRAM COSTS

This line item funds the personnel and operating costs associated with state support for the provision of independent living services by the nine Independent Living Centers.

STATUTORY AUTHORITY: Pursuant to Section 8-85-103 (1), C.R.S.

REQUEST: The Department requests an appropriation of \$216,312 General Fund and 4.0 FTE, reflecting a continuation level of funding.

RECOMMENDATION: The staff recommendation is included in the table below and includes annualization of FY 2018-19 salary survey. The Department request incorrectly included the annualization in a different line item.

DIVISION OF VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES, OFFICE OF INDEPENDENT LIVING SERVICES, PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$216,312	\$216,312	\$0	\$0	\$0	4.0
TOTAL	\$216,312	\$216,312	\$0	\$0	\$0	4.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$216,312	\$216,312	\$0	\$0	\$0	4.0
Annualize prior year budget actions	5,250	5,250	0	0	0	0.0
TOTAL	\$221,562	\$221,562	\$0	\$0	\$0	4.0
INCREASE/(DECREASE)	\$5,250	\$5,250	\$0	\$0	\$0	0.0
Percentage Change	2.4%	2.4%	n/a	n/a	n/a	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$216,312	\$216,312	\$0	\$0	\$0	4.0
Request Above/(Below) Recommendation	(\$5,250)	(\$5,250)	\$0	\$0	\$0	0.0

INDEPENDENT LIVING SERVICES

This line item provides funding for independent living services provided by the nine independent living centers. These services include:

- Information and referral services;
- Independent living skills training;
- Peer counseling, including cross-disability peer counseling;
- Individual and systems advocacy; and
- Transition services or diversion from nursing homes and institutions to home- and community-based living;
- Transition services upon leaving secondary education; and
- Any other services and assistance as defined by federal regulations.

STATUTORY AUTHORITY: Pursuant to Section 8-85-103 (2) (a), C.R.S.

REQUEST: The Department requests an appropriation of \$7,145,375 total funds, including \$6,806,097 General Fund, including a requested 1.0 percent community provider rate adjustment.

RECOMMENDATION: The staff recommendation is shown below. Differences from the request are as follows: (1) staff added an adjustment to federal funds and local cash funds related to an increase

in the federal grant; (2) staff excluded a salary survey adjustment that was incorporated into this line in error.

DIVISION OF VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES, OFFICE OF INDEPENDENT LIVING SERVICES, INDEPENDENT LIVING SERVICES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION						
H.B. 18-1322 (Long Bill)	\$7,072,790	\$6,733,512	\$33,928	\$0	\$305,350	0.0
TOTAL	\$7,072,790	\$6,733,512	\$33,928	\$0	\$305,350	0.0
FY 2019-20 RECOMMENDED APPROPRIATION						
FY 2018-19 Appropriation	\$7,072,790	\$6,733,512	\$33,928	\$0	\$305,350	0.0
R6 Independent Living Services provider rate increase	67,335	67,335	0	0	0	0.0
Informational funds adjustment	37,074	0	3,707	0	33,367	0.0
TOTAL	\$7,177,199	\$6,800,847	\$37,635	\$0	\$338,717	0.0
INCREASE/(DECREASE)	\$104,409	\$67,335	\$3,707	\$0	\$33,367	0.0
Percentage Change	1.5%	1.0%	10.9%	0.0%	10.9%	0.0%
FY 2019-20 EXECUTIVE REQUEST	\$7,145,375	\$6,806,097	\$33,928	\$0	\$305,350	0.0
Request Above/(Below) Recommendation	(\$31,824)	\$5,250	(\$3,707)	\$0	(\$33,367)	0.0

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

LONG BILL FOOTNOTES

Staff recommends **adding** the following new footnotes:

- N Department of Labor and Employment, Division of Vocational Rehabilitation and Independent Living Services, Vocational Rehabilitation Programs, Employment First Initiatives -- Amounts in this line item that are not expended by June 30, 2020 may be rolled forward for expenditure in FY 2020-21.

COMMENT: Staff recommends this footnote to enable the Department to roll-forward funds for a new, time-limited initiative.

- N Department of Labor and Employment, Division of Vocational Rehabilitation and Independent Living Services, Vocational Rehabilitation Programs, Vocational Rehabilitation Services; and Office of Independent Living Services, Independent Living Services -- If authorized by an independent living center based on a cooperative agreement between the independent living center and the Division of Vocational Rehabilitation, the Department may transfer General Fund from the Independent Living Services line item to the Vocational Rehabilitation Services line item, in an amount agreed upon between the two entities, for the purpose of drawing down federal funds for the provision of vocational rehabilitation services.

COMMENT: Staff recommends this footnote to promote collaboration between the independent living centers and the Division.

Staff recommends **continuing** the following footnote with **modifications**:

- 69 Department of Labor and Employment, Division Of Vocational Rehabilitation and Independent Living, Vocational Rehabilitation Programs -- In addition to the transfer authority provided in Section 24-75-108, C.R.S., the Department may transfer up to ~~40.0~~ 15.0 percent of the total appropriation among the following line items in this section: Personal Services, Operating Expenses, Vocational Rehabilitation Services, School to Work Alliance Program, and Vocational Rehabilitation Mental Health Services.

COMMENT: This footnote enables funds within this division to be transferred among line items to promote efficient use of funds.

REQUESTS FOR INFORMATION

Staff recommends the following **NEW** requests for information:

- N Department of Labor and Employment, Division of Vocational Rehabilitation and Independent Living Services, Vocational Rehabilitation Programs, Employment First Initiatives -- The Department is requested to submit a report by November 1, 2019 on its

efforts to implement the Office of Employment First and other Employment First initiatives. This should include information on the department's progress in rolling-out the new initiatives and baseline data that will be used to measure the state's progress toward increasing competitive integrated employment for people with the most significant disabilities.

COMMENT: This request is associated with new funding for Employment First Initiatives.

- N Department of Labor and Employment, Division of Vocational Rehabilitation and Independent Living Services -- The Department is encouraged to work with vocational rehabilitation and independent living centers to develop cooperative agreements that will enable the State to fully access available federal support for vocational rehabilitation and promote relationships between these entities. The Department is requested to report by November 1, 2019 on its progress in developing these relationships and whether it anticipates cooperative agreements to be implemented in FY 2019-20 and/or FY 2020-21.

COMMENT: This request is associated with a new footnote intended to support collaborative relationships between independent living centers and vocational rehabilitation programs.

Staff recommends continuing and **CONTINUING AND MODIFYING** the following request for information:

- 2 Department of Labor and Employment, Division Of Vocational Rehabilitation and Independent Living Services, Vocational Rehabilitation Programs -- The Department is requested to provide a report BY NOVEMBER 1 2019 on the number of individuals receiving vocational rehabilitation services, including: a break-down by category of the number of individuals receiving services AND THE NUMBER FOR WHOM A DETERMINATION IS PENDING; the average cost by category of services; the projected fiscal year expenditures, and the projected balance of the State's federal vocational rehabilitation account. ~~by November 1, 2018.~~ THE DEPARTMENT IS ALSO REQUESTED TO PROVIDE DATA ON VOCATIONAL REHABILITATION EMPLOYMENT OUTCOMES.

COMMENT: This request helps ensure the State receives regular data on the vocational rehabilitation program and its funding. The request is modified to include data on services for those pending a determination, as this is an area of growth. The request is also modified to request some outcome data.

- 3 Department of Labor and Employment, Division of Vocational Rehabilitation and Independent Living Services, Office of Independent Living Services -- The Department is requested to provide ~~as of~~ A REPORT BY November 1, ~~2018,~~ 2019 on the number of clients served by each Independent Living Center for the past year and the distribution of funds by Independent Living Center. THE DEPARTMENT IS ALSO REQUESTED TO WORK WITH THE INDEPENDENT LIVING CENTERS TO IDENTIFY ADDITIONAL OUTCOME MEASURES AND DISCUSS THESE EFFORTS IN ITS REPORT.

COMMENT: This request helps ensure the State receives regular data on the independent living programs. The request is modified to ask the Department to work with independent living centers to develop additional outcome measures. The independent living centers receive significant General

Fund allocations but little information is currently available on the impact of state support other than a count of clients served. Staff believes it will require time and effort to develop additional outcome measures but believes it would benefit the centers to begin these discussions.

Staff recommends **DISCONTINUING** the following requests for information:

- 1 Department of Labor and Employment, Colorado Workforce Development Council -- In its final report on the Innovative Industries Workforce Development Program due November 1, 2018, the Department is requested to include an evaluation of the program's impact and recommendations for any changes to the program if it is reauthorized and expanded. In the report, the Colorado Workforce Development Council (CWDC) is specifically requested to respond to the following questions:
 - Should this program be limited to “innovative industries” or should it be part of a more comprehensive statewide work-based learning initiative?
 - Could the program be modified to place greater emphasis on opportunities and industry-exposure for students with less advanced skills, including high school and community college students? Does the CWDC support such a change?
 - Should the program be more focused on underrepresented groups, including low-income students, consistent with the Higher Education Master Plan and the Talent Pipeline Report?
 - If internships for high-level students are of value to expanding high-tech industries, is the additional incentive of state funding necessary? Is funding at the level of \$5,000 per intern necessary? Once a program is launched, will a business continue it with less external support?

COMMENT: The Department provided a thoughtful response. This was a one-time request.

- 4 Department of Labor and Employment, Division of Vocational Rehabilitation and Independent Living Services, Vocational Rehabilitation Programs -- The Department is requested to provide by November 1, 2018, a listing of the current leased spaces for Workforce Centers and a listing of the current leased spaces used by the Vocational Rehabilitation Programs, including costs. The Department is also requested to provide the status of consolidation of leased spaces, including locations that can be consolidated and estimated cost savings.

COMMENT: The Department has made substantial progress in consolidating locations. Staff anticipates it will continue to work in this direction but does not believe additional annual reports are necessary.

INDIRECT COST ASSESSMENTS

DESCRIPTION OF INDIRECT COST ASSESSMENT METHODOLOGY

The Department of Labor and Employment indirect cost assessment methodology is calculated based on actual employee work hours, and the associated cash or federal funds to which the work hours are associated.

The *Indirect Cost Pool* is comprised of personal services and operating expense line items in the Executive Director's Office, and the statewide indirect cost assessment. For FY 2019-20 the Department's Indirect Cost Pool as requested is \$30,949,993. The *Indirect Cost Rate* is calculated based on staff's work time in each division. Staff members log their work activities by minutes, and each work activity is assigned a specific code associated with the funding source of the work activity (cash or federal funds). These funds are appropriated directly to the line items that make up the indirect cost pool based on the total time charged to a specific fund. Actual assessment is based on monthly reports of work time during the budget fiscal year. Table 1 shows the line items receiving indirect cost recoveries.

DEPARTMENT OF LABOR AND EMPLOYMENT FY 2019-20				
SOURCES OF INDIRECT COST RECOVERIES IN LONG BILL		FY 2019-20 PROPOSED SOURCES OF INDIRECT		
	TOTAL	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
(1) EXECUTIVE DIRECTOR'S OFFICE	30,949,993	16,160,085	607,056	14,182,852
TOTAL AVAILABLE INDIRECT TO OFFSET GF	30,949,993	16,160,085	607,056	14,182,852

ESTIMATED USES OF INDIRECT COST RECOVERIES IN LONG BILL						
	FY2018-19 GF REQUEST	DEPT INDIRECT	STATEWIDE INDIRECT	TOTAL INDIRECT TO OFFSET GF	BALANCE OF AVAILABLE INDIRECT	INDIRECT USED TO BALANCE GF
(1) EXECUTIVE DIRECTOR'S OFFICE					30,342,937	
Personal Services	230,411	9,255,784	171,093	9,426,877	20,916,060	(9,196,466)
Salary Survey	6,192	244,012	-	244,012	20,672,048	(237,820)
Health, Life, and Dental	32,115	1,009,632	-	1,009,632	19,662,416	(977,517)
Short-term Disability	323	12,733	-	12,733	19,649,683	(12,410)
SB 04-257 Amortization Equalization Disbursement	9,504	375,097	-	375,097	19,274,586	(365,593)
SB 06-235 Supplemental Amortization Equalization Disbursement	9,504	375,097	-	375,097	18,899,489	(365,593)
Workers' Compensation	22,188	598,152	-	598,152	18,301,337	(575,964)
Operating Expenses	17,066	1,859,594	-	1,859,594	16,441,743	(1,842,528)
Legal Services for 8,415 hours	110,859	925,818	-	925,818	15,515,925	(814,959)
Payments to OIT	3,776,136	12,556,077	302,688	12,858,765	2,657,160	(9,082,629)

	ESTIMATED USES OF INDIRECT COST RECOVERIES IN LONG BILL					
	FY2018-19 GF REQUEST	DEPT INDIRECT	STATEWIDE INDIRECT	TOTAL INDIRECT TO OFFSET GF	BALANCE OF AVAILABLE INDIRECT	INDIRECT USED TO BALANCE GF
Payment to Risk Management and Property Funds	7,211	8,284	-	8,284	2,648,876	(1,073)
CORE Operations	-	413,116	-	413,116	2,235,760	(413,116)
Vehicle Lease Payments	12,041	2,330	-	2,330	2,233,430	9,711
Leased Space	420,631	1,920,104	-	1,920,104	313,326	(1,499,473)
Information Technology Asset Maintenance	-	218,626		218,626	94,700	(218,626)
Statewide Indirect Cost Assessment	-	568,481	133,275	701,756	-	(701,756)
TOTAL FOR DEPARTMENT	4,654,181	30,342,937	607,056	30,949,993	-	(26,295,812)

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
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DEPARTMENT OF LABOR AND EMPLOYMENT

Joe Barela, Executive Director

(1) EXECUTIVE DIRECTOR'S OFFICE

The Executive Director's Office provides administrative and technical support for department divisions and programs including accounting, budgeting, and human resources functions.

Personal Services	<u>9,639,742</u>	<u>9,807,933</u>	<u>9,356,918</u>	<u>9,657,288</u>	<u>9,657,288</u>
FTE	105.7	104.2	110.2	110.7	110.7
General Fund	184,074	184,074	196,470	230,411	230,411
Cash Funds	4,761,359	4,523,213	4,634,407	4,803,992	4,803,992
Reappropriated Funds	162,366	162,366	166,480	171,093	171,093
Federal Funds	4,531,943	4,938,280	4,359,561	4,451,792	4,451,792
Health, Life, and Dental	<u>9,595,004</u>	<u>10,787,604</u>	<u>11,709,546</u>	<u>12,324,761</u>	<u>12,324,761</u> *
General Fund	455,647	643,805	656,794	794,942	794,942
Cash Funds	3,470,930	3,663,663	4,550,059	4,531,156	4,531,156
Reappropriated Funds	58,884	46,354	60,205	64,454	64,454
Federal Funds	5,609,543	6,433,782	6,442,488	6,934,209	6,934,209
Short-term Disability	<u>129,027</u>	<u>145,768</u>	<u>138,177</u>	<u>134,391</u>	<u>134,288</u>
General Fund	7,021	8,345	7,020	7,797	7,791
Cash Funds	44,645	51,203	57,954	51,772	51,733
Reappropriated Funds	669	1,139	1,044	834	833
Federal Funds	76,692	85,081	72,159	73,988	73,931

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
S.B. 04-257 Amortization Equalization Disbursement	<u>3,373,911</u>	<u>3,922,337</u>	<u>4,077,923</u>	<u>3,953,250</u>	<u>3,950,245</u>
General Fund	179,284	222,024	207,188	229,513	229,128
Cash Funds	1,218,460	1,412,254	1,710,348	1,522,189	1,521,481
Reappropriated Funds	14,717	30,190	30,809	24,746	24,700
Federal Funds	1,961,450	2,257,869	2,129,578	2,176,802	2,174,936
 S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>3,336,819</u>	<u>3,922,337</u>	<u>4,077,923</u>	<u>3,953,250</u>	<u>3,950,245</u>
General Fund	177,515	222,024	207,188	229,513	229,128
Cash Funds	1,203,835	1,412,254	1,710,348	1,522,189	1,521,481
Reappropriated Funds	14,451	30,190	30,809	24,746	24,700
Federal Funds	1,941,018	2,257,869	2,129,578	2,176,802	2,174,936
 PERA Direct Distribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,186,326</u>	<u>2,186,326</u>
General Fund	0	0	0	126,840	126,840
Cash Funds	0	0	0	842,254	842,254
Reappropriated Funds	0	0	0	13,568	13,568
Federal Funds	0	0	0	1,203,664	1,203,664
 Salary Survey	<u>148,570</u>	<u>1,493,915</u>	<u>2,651,053</u>	<u>2,644,736</u>	<u>2,577,526</u>
General Fund	6,210	84,504	134,693	157,889	149,289
Cash Funds	49,774	537,420	1,111,893	1,007,167	991,325
Reappropriated Funds	0	11,508	20,030	21,234	20,209
Federal Funds	92,586	860,483	1,384,437	1,458,446	1,416,703

JBC Staff Staff Figure Setting - FY 2019-20
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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
Merit Pay	<u>0</u>	<u>677,814</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	42,317	0	0	0
Cash Funds	0	231,117	0	0	0
Reappropriated Funds	0	4,805	0	0	0
Federal Funds	0	399,575	0	0	0
 Paid Parental Leave	<u>0</u>	<u>0</u>	<u>0</u>	<u>132,608</u>	<u>132,608</u> *
General Fund	0	0	0	13,747	13,747
Cash Funds	0	0	0	55,192	55,192
Federal Funds	0	0	0	63,669	63,669
 Shift Differential	<u>14,797</u>	<u>13,339</u>	<u>13,339</u>	<u>13,177</u>	<u>13,177</u>
Federal Funds	14,797	13,339	13,339	13,177	13,177
 Workers' Compensation	<u>684,781</u>	<u>617,729</u>	<u>892,165</u>	<u>620,340</u>	<u>620,340</u>
General Fund	11,210	11,210	22,188	22,187	22,187
Cash Funds	170,874	170,874	247,717	172,244	172,244
Federal Funds	502,697	435,645	622,260	425,909	425,909
 Operating Expenses	<u>1,345,799</u>	<u>1,454,414</u>	<u>1,858,555</u>	<u>1,876,659</u>	<u>1,869,488</u> *
General Fund	17,066	17,066	17,066	17,065	17,065
Cash Funds	765,994	766,076	773,501	791,606	784,435
Federal Funds	562,739	671,272	1,067,988	1,067,988	1,067,988
 Legal Services	<u>761,539</u>	<u>838,308</u>	<u>944,122</u>	<u>1,036,677</u>	<u>1,036,677</u>
General Fund	76,509	80,188	115,120	110,860	110,860
Cash Funds	185,024	193,920	195,607	292,422	292,422
Reappropriated Funds	0	0	0	0	0
Federal Funds	500,006	564,200	633,395	633,395	633,395

JBC Staff Staff Figure Setting - FY 2019-20
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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
Payment to Risk Management and Property Funds	<u>119,189</u>	<u>146,076</u>	<u>169,783</u>	<u>158,575</u>	<u>158,059</u>
General Fund	1,190	6,880	8,335	7,211	7,211
Cash Funds	37,410	38,799	44,609	38,598	38,388
Federal Funds	80,589	100,397	116,839	112,766	112,460
Vehicle Lease Payments	<u>166,502</u>	<u>167,291</u>	<u>198,434</u>	<u>201,829</u>	<u>201,829</u>
General Fund	10,829	10,829	11,446	12,446	12,446
Cash Funds	119,232	119,232	122,855	125,354	125,354
Reappropriated Funds	0	0	104	0	0
Federal Funds	36,441	37,230	64,029	64,029	64,029
Leased Space	<u>4,533,070</u>	<u>5,317,854</u>	<u>6,057,142</u>	<u>6,238,857</u>	<u>6,238,857</u>
General Fund	317,597	396,230	408,117	420,361	420,361
Cash Funds	2,228,250	2,370,665	2,441,785	2,515,039	2,515,039
Federal Funds	1,987,223	2,550,959	3,207,240	3,303,457	3,303,457
Capitol Complex Leased Space	<u>25,738</u>	<u>48,710</u>	<u>35,134</u>	<u>34,223</u>	<u>34,995</u>
General Fund	0	5,125	4,001	5,125	5,125
Cash Funds	22,149	22,267	16,402	21,009	21,009
Federal Funds	3,589	21,318	14,731	8,089	8,861
Payments to OIT	<u>11,573,963</u>	<u>11,197,407</u>	<u>12,287,049</u>	<u>16,634,901</u>	<u>16,634,901</u> *
General Fund	2,466,272	2,525,615	2,710,698	3,776,136	3,776,136
Cash Funds	5,112,611	4,644,471	4,896,984	7,688,135	7,688,135
Reappropriated Funds	384,102	384,102	295,073	302,688	302,688
Federal Funds	3,610,978	3,643,219	4,384,294	4,867,942	4,867,942

JBC Staff Staff Figure Setting - FY 2019-20
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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
CORE Operations	<u>308,946</u>	<u>247,986</u>	<u>448,335</u>	<u>413,116</u>	<u>389,151</u>
General Fund	0	0	0	0	0
Cash Funds	122,521	98,931	145,260	132,636	124,941
Reappropriated Funds	0	0	0	0	0
Federal Funds	186,425	149,055	303,075	280,480	264,210
Utilities	<u>228,252</u>	<u>211,756</u>	<u>260,309</u>	<u>260,309</u>	<u>260,309</u>
Federal Funds	228,252	211,756	260,309	260,309	260,309
Information Technology Asset Maintenance	<u>386,220</u>	<u>454,246</u>	<u>218,626</u>	<u>218,626</u>	<u>218,626</u>
Cash Funds	175,343	175,343	69,243	69,243	69,243
Federal Funds	210,877	278,903	149,383	149,383	149,383
Statewide Indirect Cost Assessment	<u>371,035</u>	<u>505,321</u>	<u>610,181</u>	<u>607,056</u>	<u>607,056</u> *
Cash Funds	255,203	331,328	273,526	279,912	279,912
Reappropriated Funds	165	135	7,511	0	0
Federal Funds	115,667	173,858	329,144	327,144	327,144
Depreciation-Lease Equivalent Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>386,562</u>	<u>0</u> *
Cash Funds	0	0	0	386,562	0
TOTAL - (1) Executive Director's Office	46,742,904	51,978,145	56,004,714	63,687,517	63,196,752
FTE	<u>105.7</u>	<u>104.2</u>	<u>110.2</u>	<u>110.7</u>	<u>110.7</u>
General Fund	3,910,424	4,460,236	4,706,324	6,162,043	6,152,667
Cash Funds	19,943,614	20,763,030	23,002,498	26,848,671	26,429,736
Reappropriated Funds	635,354	670,789	612,065	623,363	622,245
Federal Funds	22,253,512	26,084,090	27,683,827	30,053,440	29,992,104

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
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(2) DIVISION OF UNEMPLOYMENT INSURANCE

This division collects unemployment insurance premiums from employers, administers the payment of unemployment insurance benefits to claimants, and conducts audits and investigations to ensure proper payment of premiums and benefits. Cash funds are from the Employment Support Cash Fund.

Program Costs	<u>37,350,281</u>	<u>34,275,634</u>	<u>41,153,931</u>	<u>45,896,875</u>	<u>39,651,415</u> *
FTE	545.0	514.0	458.1	458.1	458.1
General Fund	36,750	38,361	38,361	38,361	38,361
Cash Funds	7,492,131	7,511,533	7,927,772	12,004,400	8,758,940
Federal Funds	29,821,400	26,725,740	33,187,798	33,854,114	30,854,114
Employment and Training Technology Initiatives	<u>9,245,892</u>	<u>4,520,000</u>	<u>4,520,000</u>	<u>4,520,000</u>	<u>7,720,000</u>
FTE	26.0	23.5	26.0	26.0	26.0
Cash Funds	9,245,892	4,520,000	4,520,000	4,520,000	7,720,000

TOTAL - (2) Division of Unemployment Insurance	46,596,173	38,795,634	45,673,931	50,416,875	47,371,415
FTE	<u>571.0</u>	<u>537.5</u>	<u>484.1</u>	<u>484.1</u>	<u>484.1</u>
General Fund	36,750	38,361	38,361	38,361	38,361
Cash Funds	16,738,023	12,031,533	12,447,772	16,524,400	16,478,940
Federal Funds	29,821,400	26,725,740	33,187,798	33,854,114	30,854,114

JBC Staff Staff Figure Setting - FY 2019-20
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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
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(3) DIVISION OF EMPLOYMENT AND TRAINING

The Division of Employment and Training administers the Workforce Development Centers, the Workforce Development Council, and various workforce development programs.

State Operations and Program Costs	<u>16,806,004</u>	<u>15,846,888</u>	<u>14,755,391</u>	<u>15,017,369</u>	<u>15,017,369</u>
FTE	117.3	102.4	125.8	125.8	125.8
General Fund	500,000	274,961	0	0	0
Cash Funds	9,437,999	9,685,154	9,809,358	10,005,385	10,005,385
Federal Funds	6,868,005	5,886,773	4,946,033	5,011,984	5,011,984
One-Stop Workforce Center Contracts	<u>8,019,435</u>	<u>6,581,884</u>	<u>9,164,335</u>	<u>9,199,807</u>	<u>9,199,807</u>
FTE	17.9	26.2	17.9	17.9	17.9
Cash Funds	0	0	0	0	0
Federal Funds	8,019,435	6,581,884	9,164,335	9,199,807	9,199,807
Trade Adjustment Act Assistance	<u>1,288,685</u>	<u>1,753,881</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
FTE	1.6	1.8	0.0	0.0	0.0
Federal Funds	1,288,685	1,753,881	2,000,000	2,000,000	2,000,000
Workforce Innovation and Opportunity Act	<u>38,312,417</u>	<u>31,370,685</u>	<u>31,307,540</u>	<u>31,432,111</u>	<u>29,432,111</u>
FTE	59.6	58.5	61.2	61.2	61.2
Cash Funds	807,540	807,540	807,540	807,540	807,540
Federal Funds	37,504,877	30,563,145	30,500,000	30,624,571	28,624,571
Workforce Development Council	<u>1,165,637</u>	<u>1,059,184</u>	<u>1,073,302</u>	<u>1,091,930</u>	<u>1,091,930</u>
FTE	7.5	8.1	7.5	7.5	7.5
General Fund	572,254	572,254	577,103	584,196	584,196
Reappropriated Funds	593,382	486,030	496,199	507,734	507,734
Federal Funds	1	900	0	0	0

JBC Staff Staff Figure Setting - FY 2019-20
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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
Workforce Improvement Grants	<u>466,249</u>	<u>1,132,478</u>	<u>55,000</u>	<u>55,000</u>	<u>1,000,000</u>
FTE	0.7	2.4	0.0	0.0	0.0
Federal Funds	466,249	1,132,478	55,000	55,000	1,000,000
Veterans Service to Career Program	<u>279,733</u>	<u>384,752</u>	<u>1,000,000</u>	<u>0</u>	<u>0</u>
FTE	0.3	0.5	0.5	0.0	0.0
Cash Funds	279,733	384,752	1,000,000	0	0
Innovative Industry Workforce Development	<u>914,510</u>	<u>612,140</u>	<u>599,864</u>	<u>602,852</u>	<u>602,852</u>
FTE	1.3	1.0	1.3	1.3	1.3
General Fund	914,510	612,140	599,864	602,852	602,852
Federal Funds	0	0	0	0	0
Skilled Worker Outreach, Recruitment and Training Program	<u>2,084,920</u>	<u>3,955,023</u>	<u>6,000,000</u>	<u>5,605,284</u>	<u>3,300,000</u>
FTE	1.0	1.0	2.0	2.0	2.0
General Fund	0	0	0	2,300,000	0
Cash Funds	0	3,758,978	5,000,000	0	0
Reappropriated Funds	2,084,920	196,045	1,000,000	3,305,284	3,300,000
Federal Funds	0	0	0	0	0
Appropriation to the Skilled Worker Outreach and Key Training Program Fund	<u>3,300,000</u>	<u>3,400,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>3,300,000</u>
General Fund	3,300,000	3,400,000	1,000,000	1,000,000	3,300,000
Hospitality Education Grant Program	<u>399,852</u>	<u>399,852</u>	<u>399,852</u>	<u>400,883</u>	<u>400,883</u>
FTE	0.7	0.5	0.5	0.5	0.5
General Fund	399,852	399,852	399,852	400,883	400,883

JBC Staff Staff Figure Setting - FY 2019-20
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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
Veterans Pilot Program	<u>138,370</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	0.3	0.0	0.0	0.0	0.0
General Fund	138,370	0	0	0	0
TOTAL - (3) Division of Employment and Training	73,175,812	66,496,767	67,355,284	66,405,236	65,344,952
FTE	<u>208.2</u>	<u>202.4</u>	<u>216.7</u>	<u>216.2</u>	<u>216.2</u>
General Fund	5,824,986	5,259,207	2,576,819	4,887,931	4,887,931
Cash Funds	10,525,272	14,636,424	16,616,898	10,812,925	10,812,925
Reappropriated Funds	2,678,302	682,075	1,496,199	3,813,018	3,807,734
Federal Funds	54,147,252	45,919,061	46,665,368	46,891,362	45,836,362

JBC Staff Staff Figure Setting - FY 2019-20
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	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
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(4) DIVISION OF LABOR STANDARDS AND STATISTICS

This division administers employment and labor laws pertaining to wages paid, hours worked, minimum wage, labor standards, child labor, employment-related immigration laws, and working conditions. It conducts all union agreement elections, certifications of all-union provisions, and investigates and mediates allegations of unfair labor practices. This division also collects, analyses, and reports Colorado employment, wage, and other labor statistics data.

(A) Labor Standards

Labor Program Costs	<u>1,871,632</u>	<u>1,859,703</u>	<u>1,911,367</u>	<u>1,999,966</u>	<u>1,999,966</u> *
FTE	23.5	24.5	25.8	25.8	25.8
General Fund	587,753	582,797	607,823	628,173	628,173
Cash Funds	1,283,879	1,276,906	1,303,544	1,371,793	1,371,793
SUBTOTAL - (A) Labor Standards	1,871,632	1,859,703	1,911,367	1,999,966	1,999,966
FTE	<u>23.5</u>	<u>24.5</u>	<u>25.8</u>	<u>25.8</u>	<u>25.8</u>
General Fund	587,753	582,797	607,823	628,173	628,173
Cash Funds	1,283,879	1,276,906	1,303,544	1,371,793	1,371,793

(B) Labor Statistics

Labor Market Information Program Costs	<u>2,583,502</u>	<u>2,869,170</u>	<u>2,183,587</u>	<u>2,238,779</u>	<u>2,238,779</u>
FTE	23.1	18.7	30.3	30.3	30.3
Cash Funds	0	0	0	0	0
Federal Funds	2,583,502	2,869,170	2,183,587	2,238,779	2,238,779
SUBTOTAL - (B) Labor Statistics	2,583,502	2,869,170	2,183,587	2,238,779	2,238,779
FTE	<u>23.1</u>	<u>18.7</u>	<u>30.3</u>	<u>30.3</u>	<u>30.3</u>
Cash Funds	0	0	0	0	0
Federal Funds	2,583,502	2,869,170	2,183,587	2,238,779	2,238,779

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
TOTAL - (4) Division of Labor Standards and Statistics	4,455,134	4,728,873	4,094,954	4,238,745	4,238,745
<i>FTE</i>	<u>46.6</u>	<u>43.2</u>	<u>56.1</u>	<u>56.1</u>	<u>56.1</u>
General Fund	587,753	582,797	607,823	628,173	628,173
Cash Funds	1,283,879	1,276,906	1,303,544	1,371,793	1,371,793
Federal Funds	2,583,502	2,869,170	2,183,587	2,238,779	2,238,779

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
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(5) DIVISION OF OIL AND PUBLIC SAFETY

This division establishes and enforces rules, regulations, and statutes that govern amusement rides and devices; explosives; boilers; conveyances; fuel products; underground and aboveground petroleum storage tanks; cleanup of petroleum spills; and reimbursement of cleanup costs to qualifying storage tank owners/operators.

Personal Services	<u>5,081,970</u>	<u>5,133,682</u>	<u>5,264,534</u>	<u>5,504,698</u>	<u>5,417,963</u>
FTE	69.9	68.0	68.0	69.5	68.0
General Fund	0	0	0	86,735	0
Cash Funds	4,386,202	4,478,099	4,680,816	4,834,245	4,834,245
Reappropriated Funds	19,318	19,318	19,318	19,318	19,318
Federal Funds	676,450	636,265	564,400	564,400	564,400
Operating Expenses	<u>647,408</u>	<u>1,036,127</u>	<u>741,333</u>	<u>807,609</u>	<u>791,333</u> *
General Fund	0	0	0	16,276	0
Cash Funds	589,080	993,724	596,312	646,312	646,312
Federal Funds	58,328	42,403	145,021	145,021	145,021
Underground Damage Safety Commission	<u>0</u>	<u>0</u>	<u>69,054</u>	<u>0</u>	<u>103,011</u>
FTE	0.0	0.0	0.8	0.0	1.5
General Fund	0	0	69,054	0	103,011
TOTAL - (5) Division of Oil and Public Safety	5,729,378	6,169,809	6,074,921	6,312,307	6,312,307
FTE	<u>69.9</u>	<u>68.0</u>	<u>68.8</u>	<u>69.5</u>	<u>69.5</u>
General Fund	0	0	69,054	103,011	103,011
Cash Funds	4,975,282	5,471,823	5,277,128	5,480,557	5,480,557
Reappropriated Funds	19,318	19,318	19,318	19,318	19,318
Federal Funds	734,778	678,668	709,421	709,421	709,421

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
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(6) DIVISION OF WORKERS' COMPENSATION

This division oversees workers' compensation injury claims and compliance, mediates disputes, and administers the Medical Disasters (injuries prior to 1971), Major Medical (injuries from 1971-1981), and Subsequent Injury (more than one industrial injury or injury at more than one employer) Insurance Programs.

(A) Workers' Compensation

Personal Services	<u>7,376,432</u>	<u>7,117,272</u>	<u>7,551,736</u>	<u>7,768,285</u>	<u>7,768,285</u>
FTE	88.2	87.0	95.0	95.0	95.0
Cash Funds	7,376,432	7,117,272	7,551,736	7,768,285	7,768,285
Operating Expenses	<u>575,989</u>	<u>551,785</u>	<u>582,328</u>	<u>659,145</u>	<u>659,145</u> *
Cash Funds	575,989	551,785	582,328	659,145	659,145
Administrative Law Judge Services	<u>3,436,935</u>	<u>3,742,556</u>	<u>3,597,268</u>	<u>4,160,010</u>	<u>4,160,010</u>
Cash Funds	3,436,935	3,742,556	3,597,268	4,160,010	4,160,010
Physicians Accreditation	<u>103,794</u>	<u>91,149</u>	<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
Cash Funds	103,794	91,149	120,000	120,000	120,000
Utilization Review	<u>60,929</u>	<u>25,739</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
Cash Funds	60,929	25,739	35,000	35,000	35,000
Immediate Payment	<u>58</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Cash Funds	58	1,000	1,000	1,000	1,000
SUBTOTAL - (A) Workers' Compensation	11,554,137	11,529,501	11,887,332	12,743,440	12,743,440
FTE	<u>88.2</u>	<u>87.0</u>	<u>95.0</u>	<u>95.0</u>	<u>95.0</u>
Cash Funds	11,554,137	11,529,501	11,887,332	12,743,440	12,743,440

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
(B) Major Medical Insurance and Subsequent Injury Funds					
Personal Services	<u>1,140,887</u>	<u>1,332,599</u>	<u>1,378,215</u>	<u>1,404,644</u>	<u>1,404,644</u>
FTE	15.2	13.0	16.0	16.0	16.0
Cash Funds	1,140,887	1,332,599	1,378,215	1,404,644	1,404,644
Operating Expenses	<u>87,511</u>	<u>88,107</u>	<u>88,324</u>	<u>88,324</u>	<u>88,324</u>
Cash Funds	87,511	88,107	88,324	88,324	88,324
Major Medical Benefits	<u>4,510,197</u>	<u>4,616,468</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Cash Funds	4,510,197	4,616,468	6,000,000	6,000,000	6,000,000
Major Medical Legal Services	<u>9,505</u>	<u>7,992</u>	<u>7,992</u>	<u>7,992</u>	<u>7,992</u>
Cash Funds	9,505	7,992	7,992	7,992	7,992
Subsequent Injury Benefits	<u>1,302,455</u>	<u>1,115,394</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Cash Funds	1,302,455	1,115,394	2,000,000	2,000,000	2,000,000
Subsequent Injury Legal Services	<u>0</u>	<u>7,992</u>	<u>7,992</u>	<u>7,992</u>	<u>7,992</u>
Cash Funds	0	7,992	7,992	7,992	7,992
Medical Disaster	<u>(112)</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Cash Funds	(112)	1,000	1,000	1,000	1,000
SUBTOTAL - (B) Major Medical Insurance and Subsequent Injury Funds	7,050,443	7,169,552	9,483,523	9,509,952	9,509,952
FTE	<u>15.2</u>	<u>13.0</u>	<u>16.0</u>	<u>16.0</u>	<u>16.0</u>
Cash Funds	7,050,443	7,169,552	9,483,523	9,509,952	9,509,952

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
TOTAL - (6) Division of Workers' Compensation	18,604,580	18,699,053	21,370,855	22,253,392	22,253,392
<i>FTE</i>	<u>103.4</u>	<u>100.0</u>	<u>111.0</u>	<u>111.0</u>	<u>111.0</u>
Cash Funds	18,604,580	18,699,053	21,370,855	22,253,392	22,253,392

JBC Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
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(7) DIVISION OF VOCATIONAL REHABILITATION AND INDEPENDENT LIVING SERVICES

This division oversees vocational rehabilitation programs designed to enable individuals with disabilities to participate in the workforce. It also oversees independent living service programs that provide individuals with disabilities with resources and skills to live independently in the community.

(A) Vocational Rehabilitation Programs

Personal Services	<u>13,020,254</u>	<u>13,328,532</u>	<u>16,345,301</u>	<u>16,865,366</u>	<u>16,865,366</u>
FTE	217.6	219.7	223.7	223.7	223.7
General Fund	3,392,568	2,790,534	3,474,105	3,575,172	3,575,172
Federal Funds	9,627,686	10,537,998	12,871,196	13,290,194	13,290,194
Operating Expenses	<u>2,119,884</u>	<u>2,530,680</u>	<u>2,539,404</u>	<u>2,539,404</u>	<u>2,539,404</u>
Reappropriated Funds	540,884	539,810	540,893	540,893	540,893
Federal Funds	1,579,000	1,990,870	1,998,511	1,998,511	1,998,511
Administrative Law Judge Services	<u>29,038</u>	<u>31,767</u>	<u>31,767</u>	<u>36,737</u>	<u>36,737</u>
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	6,185	8,914	8,914	9,973	9,973
Federal Funds	22,853	22,853	22,853	26,764	26,764
Voc Rehab Services	<u>13,865,085</u>	<u>14,526,602</u>	<u>14,831,622</u>	<u>14,831,622</u>	<u>15,301,106</u>
General Fund	1,043,950	1,652,194	1,043,950	1,043,950	1,143,950
Reappropriated Funds	2,115,185	2,092,017	2,115,185	2,115,185	2,115,185
Federal Funds	10,705,950	10,782,391	11,672,487	11,672,487	12,041,971
Voc Rehab Mental Health Services	<u>1,660,583</u>	<u>1,768,683</u>	<u>1,748,180</u>	<u>1,748,180</u>	<u>1,748,180</u>
Reappropriated Funds	353,704	376,729	372,363	372,363	372,363
Federal Funds	1,306,879	1,391,954	1,375,817	1,375,817	1,375,817

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
School to Work Alliance Program	<u>9,099,244</u>	<u>9,633,940</u>	<u>11,265,924</u>	<u>11,265,924</u>	<u>11,265,924</u>
Cash Funds	0	141,157	34,647	34,647	34,647
Reappropriated Funds	1,910,872	1,910,872	2,364,995	2,364,995	2,364,995
Federal Funds	7,188,372	7,581,911	8,866,282	8,866,282	8,866,282
Business Enterprises Program for People Who Are Blind	<u>1,408,686</u>	<u>1,191,148</u>	<u>1,532,125</u>	<u>1,595,200</u>	<u>1,595,200</u>
FTE	6.0	6.0	6.0	6.0	6.0
Cash Funds	299,437	252,980	325,500	338,935	338,935
Federal Funds	1,109,249	938,168	1,206,625	1,256,265	1,256,265
Business Enterprises Program	<u>117,332</u>	<u>177,423</u>	<u>429,000</u>	<u>429,000</u>	<u>429,000</u>
Cash Funds	117,332	177,423	429,000	429,000	429,000
Federal Social Security Reimbursements	<u>2,591,240</u>	<u>2,603,737</u>	<u>2,600,000</u>	<u>2,600,000</u>	<u>2,600,000</u>
Federal Funds	2,591,240	2,603,737	2,600,000	2,600,000	2,600,000
Older Blind Grants	<u>0</u>	<u>363,144</u>	<u>362,000</u>	<u>362,000</u>	<u>362,000</u>
Federal Funds	0	363,144	362,000	362,000	362,000
Employment First Initiatives	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,755,869</u>	<u>2,396,160</u> *
FTE	0.0	0.0	0.0	4.0	3.7
General Fund	0	0	0	800,000	510,382
Federal Funds	0	0	0	2,955,869	1,885,778

JBC Staff Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
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SUBTOTAL - (A) Vocational Rehabilitation					
Programs	43,911,346	46,155,656	51,685,323	56,029,302	55,139,077
<i>FTE</i>	<u>223.6</u>	<u>225.7</u>	<u>229.7</u>	<u>233.7</u>	<u>233.4</u>
General Fund	4,442,703	4,451,642	4,526,969	5,429,095	5,239,477
Cash Funds	416,769	571,560	789,147	802,582	802,582
Reappropriated Funds	4,920,645	4,919,428	5,393,436	5,393,436	5,393,436
Federal Funds	34,131,229	36,213,026	40,975,771	44,404,189	43,703,582

(B) Office of Independent Living Services

Program Costs	<u>176,145</u>	<u>206,065</u>	<u>216,312</u>	<u>216,312</u>	<u>221,562</u>
<i>FTE</i>	2.5	4.0	4.0	4.0	4.0
General Fund	176,145	206,065	216,312	216,312	221,562
Independent Living Services	<u>6,710,904</u>	<u>6,611,487</u>	<u>7,072,790</u>	<u>7,145,375</u>	<u>7,177,199</u> *
General Fund	6,535,844	6,303,969	6,733,512	6,806,097	6,800,847
Cash Funds	0	0	33,928	33,928	37,635
Federal Funds	175,060	307,518	305,350	305,350	338,717

SUBTOTAL - (B) Office of Independent Living					
Services	6,887,049	6,817,552	7,289,102	7,361,687	7,398,761
<i>FTE</i>	<u>2.5</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
General Fund	6,711,989	6,510,034	6,949,824	7,022,409	7,022,409
Cash Funds	0	0	33,928	33,928	37,635
Federal Funds	175,060	307,518	305,350	305,350	338,717

JBC Staff Figure Setting - FY 2019-20
Staff Working Document - Does Not Represent Committee Decision

	FY 2016-17 Actual	FY 2017-18 Actual	FY 2018-19 Appropriation	FY 2019-20 Request	FY 2019-20 Recommendation
TOTAL - (7) Division of Vocational Rehabilitation and Independent Living Services	50,798,395	52,973,208	58,974,425	63,390,989	62,537,838
<i>FTE</i>	<u>226.1</u>	<u>229.7</u>	<u>233.7</u>	<u>237.7</u>	<u>237.4</u>
General Fund	11,154,692	10,961,676	11,476,793	12,451,504	12,261,886
Cash Funds	416,769	571,560	823,075	836,510	840,217
Reappropriated Funds	4,920,645	4,919,428	5,393,436	5,393,436	5,393,436
Federal Funds	34,306,289	36,520,544	41,281,121	44,709,539	44,042,299
TOTAL - Department of Labor and Employment	246,102,376	239,841,489	259,549,084	276,705,061	271,255,401
<i>FTE</i>	<u>1,330.9</u>	<u>1,285.0</u>	<u>1,280.6</u>	<u>1,285.3</u>	<u>1,285.0</u>
General Fund	21,514,605	21,302,277	19,475,174	24,271,023	24,072,029
Cash Funds	72,487,419	73,450,329	80,841,770	84,128,248	83,667,560
Reappropriated Funds	8,253,619	6,291,610	7,521,018	9,849,135	9,842,733
Federal Funds	143,846,733	138,797,273	151,711,122	158,456,655	153,673,079



JBC Staff FY 2019-20 Figure Setting Department of Labor and Employment

**Presented by:
Amanda Bickel, JBC Staff
February 21, 2019**

Agencies Included in Staff Figure Setting Document

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Division of
Vocational Rehabilitation
and Independent Living
Services
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Overview

Staff Recommendation

\$271.3 million total funds
\$24.1 million General Fund
1,285.0 FTE

Department Request

\$276.7 million total funds
\$24.3 million General Fund
1,285.3 FTE

5 Staff-initiated Changes

9 Department Requested Changes
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common policy

14 Department and Staff Decision Items

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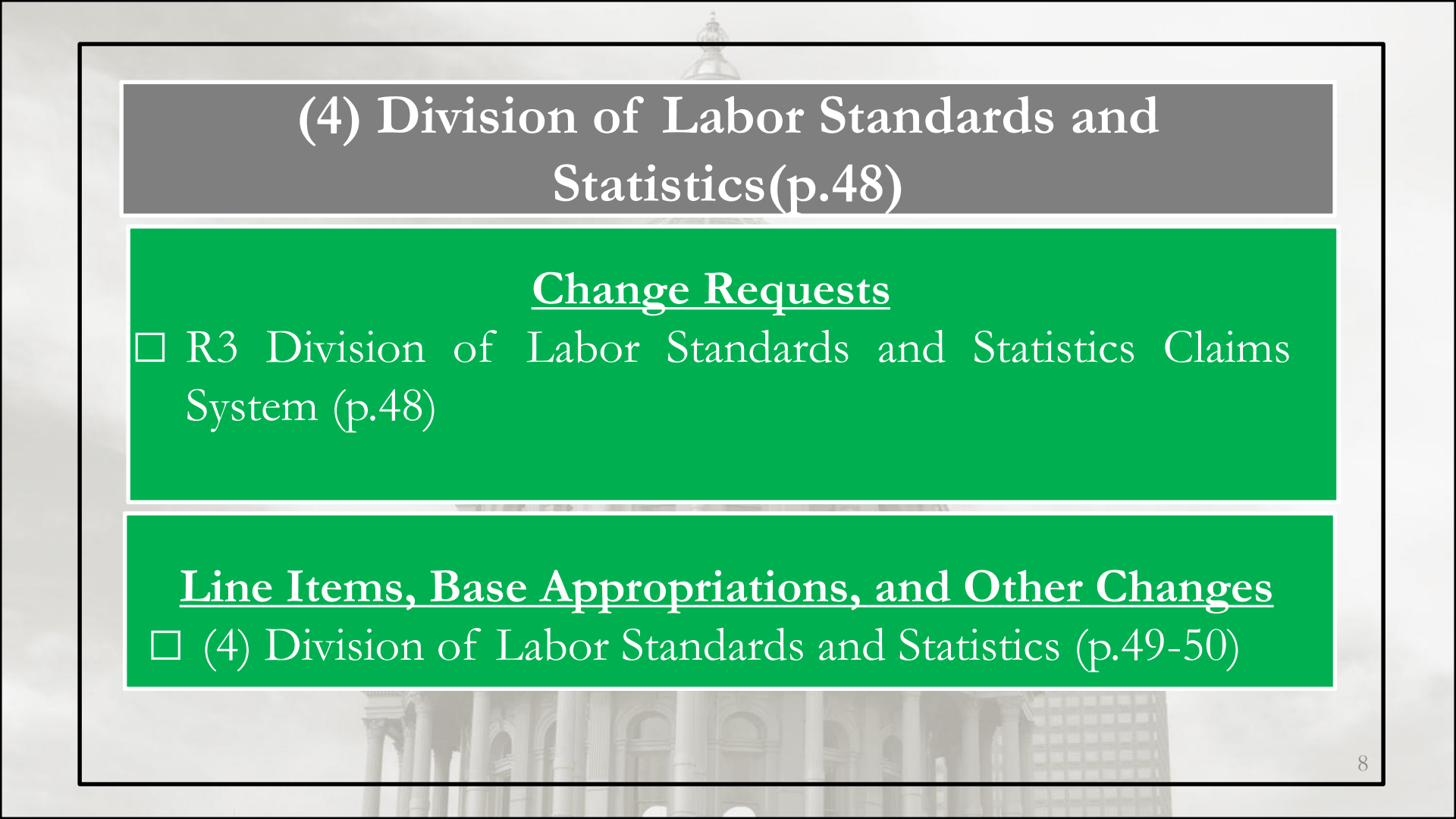
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(6) Division of Workers' Compensation(p.59)

Change Requests

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(7) Division of Vocational Rehabilitation and Independent Living Services(p.68)

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JBC Staff FY 2019-20 Figure Setting Department of Labor and Employment

Presented by:
Amanda Bickel, JBC Staff
February 21, 2019